

Town of Kent, New York

Financial Statements and
Supplementary Information

Year Ended December 31, 2017

Town of Kent, New York

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Independent Auditors' Report

**The Honorable Supervisor and Town Board of the
Town of Kent, New York**

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Town of Kent, New York ("Town") as of and for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Basis for Qualified Opinion

As more fully disclosed in Note 1A, the financial statements referred to above do not include financial data of the Town's legally separate component unit, the Kent Public Library. Accounting principles generally accepted in the United States of America require the financial data for that component unit to be reported with the financial data of the Town's primary government. The effect of this departure on assets, liabilities, net position, revenues and expenses is not known, since the audited financial statements are not available.

Qualified Opinion

In our opinion, except for the effects on the financial statements of the omission described in the preceding paragraph, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Town, as of December 31, 2017, and the respective changes in financial position, and the respective budgetary comparison for the General, Highway and Special Districts funds for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that Management's Discussion and Analysis and the schedules included under Required Supplementary Information in the accompanying table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary and Other Information

Our audit for the year ended December 31, 2017 was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town's basic financial statements. The combining and individual fund financial statements and schedules for the year ended December 31, 2017, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual fund financial statements and schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements for the year ended December 31, 2017 and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements as a whole for the year ended December 31, 2017.

We also previously audited, in accordance with auditing standards generally accepted in the United States of America, the basic financial statements of the Town as of and for the year ended December 31, 2016 (not presented herein), and have issued our report thereon dated May 31, 2017, which contained unmodified opinions on the respective financial statements of the governmental activities, each major fund and the aggregate remaining fund information. The combining and individual fund financial statements and schedules for the year ended December 31, 2016 are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the 2016 financial statements. The combining and individual fund financial statements and schedules have been subjected to the auditing procedures applied in the audit of the 2016 basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare those financial statements or to those financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole for the year ended December 31, 2016.

PKF O'Connor Davies, LLP

PKF O'Connor Davies, LLP

Harrison, New York

July 13, 2018

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Town of Kent, New York

Management's Discussion and Analysis December 31, 2017

The purpose of Management's Discussion and Analysis ("MD&A") is to provide the reader with a summary overview of the financial activities of the Town of Kent, New York (Town) for the calendar year ending December 31, 2017. The MD&A is a summary and in no way is a substitute for the detailed information presented in the basic financial statements and other financial information and the accompanying notes to the financial statements that follow this section.

Financial Highlights for Calendar Year 2017

- On the government-wide financial statements, the Town had net position (assets, deferred outflows of resources exceeding liabilities and deferred inflows of resources) of \$13,476,158 at calendar year end 2017. Unrestricted net position, which is available to meet the ongoing obligations of the Town totaled a negative \$20,148,255. The Town's net position decreased by a total of \$3,832,585 from calendar year end 2016 to calendar year end 2017. The decrease is primarily attributed to the following: \$3,071,477 increase in other post employment benefit liability as actuarially determined in accordance with Governmental Accounting Standards Board ("GASB") Statement No. 45, as well as a \$395,074 increase in net pension liability in accordance with GASB Statement No. 68.
- The Town's governmental funds combined ending fund balances at December 31, 2017 were \$7,447,260. The total unassigned fund balances for governmental funds is \$4,702,911 at December 31, 2017. This balance only includes the General Fund, which represents 47% of the total General Fund expenditures and other financing uses. This is a slight decrease of \$184,940 from fiscal year 2016.
- In addition to the impact of the Town's OPEB obligations, the government-wide financial statements for the year ended December 31, 2017 are also significantly impacted by the provisions of the GASB Statement No. 68. This pronouncement established accounting and financial reporting requirements associated with the Town's participation in the cost sharing multiple employer pension plans administered by the New York State and Local Employees' Retirement System ("ERS") and the New York State and Local Police and Fire Retirement System ("PFRS"). Under the new standards, cost-sharing employers are required to report in their government-wide financial statements a net pension liability (asset), pension expense and pension-related deferred inflows and outflows of resources based on their proportionate share of the collective amounts for all of the municipalities and school districts in the plan. At December 31, 2017, the Town reported in its Statement of Net Position a liability of \$2,429,069 for its proportionate share of the ERS and PFRS net pension liabilities as compared to \$3,919,919 reported at December 31, 2016. More detailed information about the Town's pension plan reporting in accordance with the provisions of GASB Statement No. 68, including amounts reported as pension expense and deferred inflows/outflows of resources, is presented in the notes to financial statements.

Overview of the Financial Statements

The Town's financial statements are composed of this MD&A and the basic financial statements. The MD&A serves as an introduction to the basic financial statements. The MD&A is an analysis and overview of the Town's financial activities. The basic financial statements include three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. The report also includes other supplementary information as listed in the table of contents.

Government-wide Financial Statements

The government-wide financial statements are prepared using the accrual basis of accounting and are presented in a format similar to private sector financial statements.

The components of the government-wide financial statements are as follows:

- The statement of net position reports the Town's total assets, liabilities and deferred inflows/outflows of resources, and the difference, or net position. The intention is that, over time, the changes in net position will indicate whether the Town's financial position is improving or deteriorating.
- The statement of activities indicates how the Town's net position changed from the prior calendar year. Changes in net position are reported as soon as the underlying event occurs, without regard to the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will result in cash flows in future fiscal periods such as uncollected taxes.

The statement of activities indicates the functions of the Town that are principally supported by taxes and intergovernmental revenues for governmental services. The governmental activities of the Town include: general government support, public safety, health, transportation, economic opportunity and development, culture and recreation, home and community services and interest.

Fund Financial Statements

A fund is a group of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Town, as do other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance related legal requirements. All of the Town funds can be divided into two categories: governmental funds and fiduciary funds. Governmental funds use the modified accrual basis of accounting.

Governmental Funds - are used to account for the same functions as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the calendar year. This information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The Town maintains the following governmental funds: General Fund, Special Revenue Funds (including Highway Fund, Special Districts Fund and the Special Purpose Fund) and Capital Projects Fund. Information is presented separately for each fund. Individual sub-fund data for the Special Districts Fund is provided in combining statements and schedules.

The Town adopts annual appropriated budgets for the General Fund, Highway Fund and the Special Districts Fund. Budgetary comparisons have been provided in the basic financial statements to demonstrate compliance with those budgets.

Fiduciary Funds - are used to account for resources held for the benefit of parties outside of the government. Fiduciary funds are not reflected in the government-wide financial statements, because the resources of these funds are not available to support the Town's own programs. The Town maintains one type of fiduciary fund, which is the Agency Fund. The Agency Fund maintains assets held for the benefit of others.

Notes to the Financial Statements - provide additional information that is essential to a full understanding of the data presented in the government-wide and fund financial statements.

Government-wide Financial Analysis

As indicated previously, net position and changes to net position over time are expected to be a useful indicator of a government's financial position. The Town's net position at calendar year end December 31, 2017 and 2016 was \$13,476,158 and \$17,308,743, respectively. Approximately 5.9% of the Town's 2017 net position is restricted for various purposes (capital projects, repairs, future capital projects, special districts, debt service and special purpose). Investments in capital assets, less any outstanding debt used to acquire those assets, account for the majority of the total net position. The Town uses these assets to provide services to citizens. Consequently, the assets cannot be used for future spending. Although the Town's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since capital assets cannot be used to liquidate these liabilities.

A summary of the Town's net position, at December 31, 2017 and 2016 is as follows:

Governmental Activities Net Position		
	December 31, 2017	December 31, 2016
Current Assets	\$ 8,330,463	\$ 9,608,432
Capital Assets, Net	34,144,591	33,993,648
Total Assets	42,475,054	43,602,080
Deferred Outflows of Resources	2,504,706	4,486,780
Current Liabilities	894,071	1,304,617
Long-Term Liabilities	30,089,583	28,877,096
Total Liabilities	30,983,654	30,181,713
Deferred Inflows of Resources	519,948	598,404
Net Position		
Net Investment in Capital Assets	32,828,487	32,326,236
Restricted	795,926	763,315
Unrestricted	(20,148,255)	(15,780,808)
Total Net Position	\$ 13,476,158	\$ 17,308,743

Restricted assets, which represent resources that are subject to external constraints on how they may be used, are approximately two and half percent of the total net position. The unrestricted net position may be used to meet the Town's ongoing financial obligations. However, this amount is negative at December 31, 2017.

In 2017, The Town's net position, which relate solely to governmental activities, decreased by a total of \$3,832,585 and is discussed in the next section.

Governmental Activities - the total decrease above is associated with the recording of Other Postemployment Benefits liability in accordance with GASB Statement No. 45 as well as net pension liabilities for ERS and PFRS recorded in accordance with GASB Statement No. 68. A summary of the Town's change in net position, at December 31, 2017 and 2016 is as follows:

Changes in Net Position

	December 31, 2017	December 31, 2016
Revenues		
Program Revenues		
Charges for Services	\$ 1,051,528	\$ 1,088,394
Operating Grants and Contributions	94,747	62,630
Capital Grants and Contributions	303,237	3,505,561
General Revenues		
Real Property Taxes	15,197,205	15,185,909
Other Tax Items	51,031	48,538
Non-Property Taxes	292,549	290,061
Unrestricted Use of Money and Property	14,084	9,536
Sale of Property and Compensation for Loss	28,843	28,576
State Aid - unrestricted	372,964	320,359
Miscellaneous	1,719	73,788
Total Revenues	<u>17,407,907</u>	<u>20,613,352</u>
Program Expenses		
General Government Support	3,850,833	3,707,412
Public Safety	7,131,652	6,908,342
Health	7,820	8,853
Transportation	5,203,993	4,806,376
Economic Opportunity and Development	26,511	26,150
Culture and Recreation	2,418,670	2,181,084
Home and Community Services	2,546,166	2,422,875
Interest	54,847	61,465
Total Expenses	<u>21,240,492</u>	<u>20,122,557</u>
Increase (Decrease) in Net Position	<u>\$ (3,832,585)</u>	<u>\$ 490,795</u>

The major revenue categories are: Real Property Taxes 87%, Capital Grant and Contributions 2%, Charges for Services 6% and State aid 2%. The major expenditure categories are: Public Safety 34%, Transportation 25%, General Government Support 18%, Culture and Recreation 11%, and Home and Community Services 12%.

Financial Analysis of the Town's Funds

As previously indicated, the Town uses fund accounting to ensure and demonstrate compliance with finance related legal requirements.

Governmental Funds - are used to provide information on near-term inflows, outflows, and balances of spendable resources. Such information may be useful in assessing the Town's financing requirements. The unassigned portion of fund balance can provide a useful measure of a government's net resources available for spending at the end of the calendar year. The Town's governmental funds reported total fund balances of \$7,447,260 and \$8,316,404 at December 31, 2017 and 2016, respectively. Approximately, \$4,700,000 or about 63% of the 2017 total constitutes unassigned fund balance. The reserved fund balances are not available for new spending, because they have been committed for 2017: non-spendable (\$702,010), restricted (\$417,423), and assigned (\$1,624,916).

The General Fund is the Town's primary operating fund. At the end of the calendar year, the unassigned fund balance was \$4,702,911 and the total fund balance was \$5,865,552. As a measure of the General Fund's liquidity, it is useful to compare both the unassigned fund balance and the total fund balance to total General Fund expenditures and other financing uses. The unassigned fund balance represents approximately 80% of the total fund balance and approximately 47% of the General Fund expenditures and other financing uses.

The fund balance in the Town's General Fund decreased by \$100,197 during the current calendar year. The primary reason for the decrease was the construction of a new building at the Recycling center, which was not planned as part of the original budget but was paid for with funds assigned for recycling projects.

The fund balance in the Town's Highway Fund decreased by \$570,936 during the current calendar year. The primary reason for the fund balance decrease was an appropriation of 2016 fund balance for major equipment purchases.

The fund balance in the Town's Special Districts Fund decreased by \$178,604, during the current calendar year. The primary reason for the fund balance decrease was public safety and culture and recreation appropriations being greater than anticipated.

General Fund Budgetary Highlights

The difference between the original and final budgets for revenues and other financing sources is \$43,097 with the final amended budget more than the original budget. The increases relate to: Fines and forfeitures of \$31,340, sale of property and compensation for loss of \$5,891 and Federal aid of \$5,000.

The difference between the original and final budgets for expenditures and other financing uses is \$235,025 with the final amended budget more than the original budget. The differences relate to: General government support (increase \$61,900), Public safety (increase \$23,843), Transportation (increase \$20,418), Culture and recreation (increase \$11,859), Home and community services (increase \$133,421) and employee benefits (decrease \$16,416).

Capital Assets and Debt Administration

Capital Assets - capital assets balance at December 31, 2017 for governmental activities was \$34,144,591 net of accumulated depreciation of \$12,214,428. The investment in capital assets includes: land, construction-in-progress, buildings and improvements, machinery and equipment and infrastructure.

Capital Assets (Net of Accumulated Depreciation) December 31,

	2017	2016	Difference
Land	\$ 16,345,620	\$ 16,345,620	\$ -
Construction in progress	175,348	-	175,348
Buildings and Improvements	7,654,743	7,845,125	(190,382)
Machinery and Equipment	2,181,260	2,136,310	44,950
Infrastructure	7,787,620	7,666,593	121,027
Total Capital Assets	<u>\$ 34,144,591</u>	<u>\$ 33,993,648</u>	<u>\$ 150,943</u>

Additional information on the Town's capital assets is available in the Notes to Financial Statements.

Outstanding Debt - at the end of calendar year 2017, the Town had a total of \$1,371,500 in general obligation bonds outstanding. All of the debt is backed by the full faith and credit of the Town.

New York State statutes place a limit on the maximum amount of total outstanding long-term debt that may be incurred by a local municipal entity at no more than seven percent of the five-year average full valuation of all real property. The Town's current constitutional debt limitation is \$99,934,514 and the Town has consumed 1.37% of the debt contracting capacity.

Additional information on the Town's debt is available in the Notes to Financial Statements.

Economic Factors and Next Year's Budget and Rates

The economic downturn of 2010 continues to effect residents of the Town. In consideration of this and in response to the Property Tax Cap, which established a tax levy limit, the Town kept property tax rate increases under 2% in 2014 and did not raise taxes in 2015, 2016, 2017 and 2018.

In preparing the Town's 2018 budget, management considered all the factors and were committed to no tax increase. While expenditures for personnel services increased, all areas of expenditures were scrutinized for savings in order to balance the budget.

Requests for Information

This financial report is designed to provide a general overview of the finances of the Town of Kent, New York. Questions about this report should be addressed to Maureen Fleming, Town Supervisor, Town of Kent, 25 Sybil's Crossing, Kent Lakes, New York 10512.

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Town of Kent, New YorkStatement of Net Position
December 31, 2017

	Governmental Activities
ASSETS	
Cash and equivalents	\$ 7,356,835
Receivables	
Accounts	249,746
State and Federal aid	21,872
Inventories	218,657
Prepaid expenses	483,353
Capital assets	
Not being depreciated	16,520,968
Being depreciated, net	17,623,623
Total Assets	42,475,054
 DEFERRED OUTFLOWS OF RESOURCES	 2,504,706
LIABILITIES	
Accounts payable	451,784
Accrued liabilities	368,883
Unearned revenues	62,536
Accrued interest payable	10,868
Non-current liabilities	
Due within one year	307,500
Due in more than one year	29,782,083
Total Liabilities	30,983,654
 DEFERRED INFLOWS OF RESOURCES	 519,948
NET POSITION	
Net investment in capital assets	32,828,487
Restricted for	
Capital projects	211,302
Repairs	110,448
Future capital projects	131
Special districts	
Lake Carmel Fire Protection District	12,088
Kent Fire Protection District	13,048
Lake Tibet Park District	40,227
Leeside Water District	83,051
Kent Sewer District	26,449
Debt service	188,967
Special purpose	110,215
Unrestricted	(20,148,255)
Total Net Position	\$ 13,476,158

The notes to the financial statements are an integral part of this statement.

Town of Kent, New York

Statement of Activities

Year Ended December 31, 2017

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental activities				
General government support	\$ 3,850,833	\$ 89,008	\$ -	\$ 8,871
Public safety	7,131,652	588,427	41,426	-
Health	7,820	3,340	-	-
Transportation	5,203,993	-	30,487	284,083
Economic opportunity and development	26,511	-	-	-
Culture and recreation	2,418,670	137,862	10,050	10,000
Home and community services	2,546,166	232,891	12,784	-
Interest	54,847	-	-	283
Total Governmental Activities	<u>\$ 21,240,492</u>	<u>\$ 1,051,528</u>	<u>\$ 94,747</u>	<u>\$ 303,237</u>

General revenues

Real property taxes

Other tax items

Interest and penalties on real
property taxes

Non-property taxes

Franchise fees

Unrestricted use of money and property

Sale of property and
compensation for loss

Unrestricted State aid

Miscellaneous

Total General Revenues

Change in Net Position

NET POSITION

Beginning

Ending

The notes to the financial statements are an integral part of this statement.

<hr/> Net (Expense) Revenue and Changes in Net Position <hr/>	
\$	(3,752,954)
	(6,501,799)
	(4,480)
	(4,889,423)
	(26,511)
	(2,260,758)
	(2,300,491)
	<u>(54,564)</u>
	 (19,790,980)
	 <hr/>
	15,197,205
	 51,031
	 292,549
	14,084
	 28,843
	372,964
	<u>1,719</u>
	 <hr/>
	15,958,395
	 <hr/>
	(3,832,585)
	 <hr/>
	17,308,743
	 <hr/>
\$	<u><u>13,476,158</u></u>

Town of Kent, New York

Balance Sheet
Governmental Funds
December 31, 2017

	General	Highway	Special Districts	Special Purpose
ASSETS				
Cash and equivalents	\$ 4,447,321	\$ 568,419	\$ 2,230,880	\$ 110,215
Receivables				
Accounts	209,087	868	-	-
State and Federal aid	21,872	-	-	-
Due from other funds	1,052,712	87,060	348,106	-
	1,283,671	87,928	348,106	-
Inventories	218,657	-	-	-
Prepaid expenditures	313,294	105,472	64,587	-
Total Assets	<u>\$ 6,262,943</u>	<u>\$ 761,819</u>	<u>\$ 2,643,573</u>	<u>\$ 110,215</u>
LIABILITIES AND FUND BALANCES				
Liabilities				
Accounts payable	\$ 177,230	\$ 73,165	\$ 61,223	\$ -
Accrued liabilities	197,416	86,980	84,487	-
Due to other funds	-	471,661	1,164,045	-
Unearned revenues	22,745	-	-	-
Total Liabilities	397,391	631,806	1,309,755	-
Fund balances				
Nonspendable	531,951	105,472	64,587	-
Restricted	188,967	-	110,579	110,215
Assigned	441,723	24,541	1,158,652	-
Unassigned	4,702,911	-	-	-
Total Fund Balances	5,865,552	130,013	1,333,818	110,215
Total Liabilities and Fund Balances	<u>\$ 6,262,943</u>	<u>\$ 761,819</u>	<u>\$ 2,643,573</u>	<u>\$ 110,215</u>

The notes to the financial statements are an integral part of this statement.

Capital Projects	Total Governmental Funds
\$ -	\$ 7,356,835
39,791	249,746
-	21,872
147,828	1,635,706
187,619	1,907,324
-	218,657
-	483,353
\$ 187,619	\$ 9,966,169
\$ 140,166	\$ 451,784
-	368,883
-	1,635,706
39,791	62,536
179,957	2,518,909
-	702,010
7,662	417,423
-	1,624,916
-	4,702,911
7,662	7,447,260
\$ 187,619	\$ 9,966,169

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Town of Kent, New York

Reconciliation of Governmental Funds Balance Sheet to the Government-Wide Statement of Net Position December 31, 2017

Fund Balances - Total Governmental Funds	\$ 7,447,260
Amounts Reported for Governmental Activities in the Statement of Net Position are Different Because	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	34,144,591
Governmental funds report the effect of premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of net position.	
Deferred amounts on refunding bonds	79,614
Deferred amounts on net pension liability	1,905,144
	1,984,758
Long-term liabilities that are not due and payable in the current period are not reported in the funds.	
Accrued interest payable	(10,868)
Bonds payable	(1,395,718)
Compensated absences	(106,428)
Net pension liability	(2,429,069)
Judgments and claims	(466,000)
Other post employment benefit obligations payable	(25,692,368)
	(30,100,451)
Net Position of Governmental Activities	\$ 13,476,158

The notes to the financial statements are an integral part of this statement.

Town of Kent, New York

Statement of Revenues, Expenditures and Changes in Fund Balances
 Governmental Funds
 Year Ended December 31, 2017

	General	Highway	Special Districts	Special Purpose
REVENUES				
Real property taxes	\$ 7,866,618	\$ 3,570,420	\$ 3,760,167	\$ -
Other tax items	51,031	-	-	-
Non-property taxes	292,549	-	-	-
Departmental income	616,872	-	8,225	-
Use of money and property	91,502	2,623	3,570	93
Licenses and permits	4,263	-	-	-
Fines and forfeitures	581,349	-	-	-
Sale of property and compensation for loss	28,843	27,864	9,769	-
State aid	410,813	-	-	-
Federal aid	6,393	-	-	-
Miscellaneous	1,719	-	6,416	-
Total Revenues	<u>9,951,952</u>	<u>3,600,907</u>	<u>3,788,147</u>	<u>93</u>
EXPENDITURES				
Current				
General government support	3,186,010	-	-	-
Public safety	4,014,958	-	1,434,060	-
Health	5,353	-	-	-
Transportation	247,241	3,113,161	-	-
Economic opportunity and development	26,511	-	-	-
Culture and recreation	1,166,514	-	576,878	-
Home and community services	288,112	-	1,347,437	-
Employee benefits	639,287	950,767	596,578	-
Debt service				
Principal	295,000	57,120	11,500	-
Interest	43,163	795	298	-
Capital outlay	-	-	-	-
Total Expenditures	<u>9,912,149</u>	<u>4,121,843</u>	<u>3,966,751</u>	<u>-</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>39,803</u>	<u>(520,936)</u>	<u>(178,604)</u>	<u>93</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Transfers out	(140,000)	(50,000)	-	-
Total Other Financing Sources (Uses)	<u>(140,000)</u>	<u>(50,000)</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	(100,197)	(570,936)	(178,604)	93
FUND BALANCES				
Beginning of Year	<u>5,965,749</u>	<u>700,949</u>	<u>1,512,422</u>	<u>110,122</u>
End of Year	<u>\$ 5,865,552</u>	<u>\$ 130,013</u>	<u>\$ 1,333,818</u>	<u>\$ 110,215</u>

The notes to the financial statements are an integral part of this statement.

Capital Projects	Total Governmental Funds
\$ -	\$ 15,197,205
-	51,031
-	292,549
-	625,097
-	97,788
-	4,263
-	581,349
-	66,476
292,954	703,767
-	6,393
10,000	18,135
302,954	17,644,053
-	3,186,010
-	5,449,018
-	5,353
-	3,360,402
-	26,511
-	1,743,392
-	1,635,549
-	2,186,632
-	363,620
-	44,256
512,454	512,454
512,454	18,513,197
(209,500)	(869,144)
190,000	190,000
-	(190,000)
190,000	-
(19,500)	(869,144)
27,162	8,316,404
\$ 7,662	\$ 7,447,260

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Town of Kent, New York

Reconciliation of the Statement of Revenues,
Expenditures and Changes in Fund Balances of Governmental Funds
to the Statement of Activities
Year Ended December 31, 2017

Amounts Reported for Governmental Activities in the Statement of Activities are Different Because

Net Change in Fund Balances - Total Governmental Funds	\$ (869,144)
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Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and charged as depreciation expense.

Capital outlay expenditures	1,196,182
Depreciation expense	<u>(1,045,239)</u>
	<u>150,943</u>

Bond proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities on the statement of net position. Repayment of bond principal is an expenditure in the governmental funds, but repayment reduces long-term liabilities in the statement of net position. Also, governmental funds report the effect of premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized on the statement of activities.

Principal paid on bonds	363,620
Amortization of loss on refunding and issuance premium	<u>(12,312)</u>
	<u>351,308</u>

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.

Accrued interest	1,721
Compensated absences	(862)
Pension obligations	(395,074)
Other post employment benefit obligations	<u>(3,071,477)</u>
	<u>(3,465,692)</u>

Change in Net Position of Governmental Activities	<u><u>\$ (3,832,585)</u></u>
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The notes to the financial statements are an integral part of this statement.

Town of Kent, New York

Statement of Revenues, Expenditures and Changes
in Fund Balances - Budget and Actual
General, Highway and Special Districts Funds
Year Ended December 31, 2017

	General Fund			
	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES				
Real property taxes	\$ 7,882,261	\$ 7,882,261	\$ 7,866,618	\$ (15,643)
Other tax items	40,000	40,000	51,031	11,031
Non-property taxes	270,500	270,500	292,549	22,049
Departmental income	725,260	726,126	616,872	(109,254)
Use of money and property	85,791	85,791	91,502	5,711
Licenses and permits	3,500	3,500	4,263	763
Fines and forfeitures	550,000	581,340	581,349	9
Sale of property and compensation for loss	-	5,891	28,843	22,952
State aid	331,500	331,500	410,813	79,313
Federal aid	-	5,000	6,393	1,393
Miscellaneous	68,000	68,000	1,719	(66,281)
Total Revenues	9,956,812	9,999,909	9,951,952	(47,957)
EXPENDITURES				
Current				
General government support	3,213,349	3,275,249	3,186,010	89,239
Public safety	4,053,323	4,077,166	4,014,958	62,208
Health	6,404	6,404	5,353	1,051
Transportation	227,045	247,463	247,241	222
Economic opportunity and development	27,500	27,500	26,511	989
Culture and recreation	1,206,612	1,218,471	1,166,514	51,957
Home and community services	167,863	301,284	288,112	13,172
Employee benefits	716,553	700,137	639,287	60,850
Debt service				
Principal	295,000	295,000	295,000	-
Interest	43,163	43,163	43,163	-
Total Expenditures	9,956,812	10,191,837	9,912,149	279,688
Excess (Deficiency) of Revenues Over Expenditures	-	(191,928)	39,803	231,731
OTHER FINANCING USES				
Transfers out	(140,000)	(140,000)	(140,000)	-
Net Change in Fund Balances	(140,000)	(331,928)	(100,197)	231,731
FUND BALANCES				
Beginning of Year	140,000	331,928	5,965,749	5,633,821
End of Year	\$ -	\$ -	\$ 5,865,552	\$ 5,865,552

Highway Fund				Special Districts Fund			
Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
\$ 3,570,420	\$ 3,570,420	\$ 3,570,420	\$ -	\$ 3,762,287	\$ 3,762,287	\$ 3,760,167	\$ (2,120)
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	6,500	6,500	8,225	1,725
3,800	3,800	2,623	(1,177)	3,182	3,182	3,570	388
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
2,000	27,863	27,864	1	10,554	10,554	9,769	(785)
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	5,753	6,416	663
3,576,220	3,602,083	3,600,907	(1,176)	3,782,523	3,788,276	3,788,147	(129)
-	-	-	-	-	-	-	-
-	-	-	-	1,434,060	1,434,060	1,434,060	-
-	-	-	-	-	-	-	-
2,987,750	3,113,171	3,113,161	10	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	554,520	640,829	576,878	63,951
-	-	-	-	1,342,241	1,389,287	1,347,437	41,850
1,049,500	950,769	950,767	2	611,109	610,758	596,578	14,180
57,120	57,120	57,120	-	11,500	11,500	11,500	-
800	800	795	5	302	302	298	4
4,095,170	4,121,860	4,121,843	17	3,953,732	4,086,736	3,966,751	119,985
(518,950)	(519,777)	(520,936)	(1,159)	(171,209)	(298,460)	(178,604)	119,856
(50,000)	(50,000)	(50,000)	-	-	-	-	-
(568,950)	(569,777)	(570,936)	(1,159)	(171,209)	(298,460)	(178,604)	119,856
568,950	569,777	700,949	131,172	171,209	298,460	1,512,422	1,213,962
\$ -	\$ -	\$ 130,013	\$ 130,013	\$ -	\$ -	\$ 1,333,818	\$ 1,333,818

Town of Kent, New York

Statement of Assets and Liabilities
Fiduciary Fund
December 31, 2017

	<u>Agency</u>
ASSETS	
Cash and equivalents	<u>\$ 734,761</u>
LIABILITIES	
Accounts payable	\$ 69,270
Deposits payable	<u>665,491</u>
Total Liabilities	<u>\$ 734,761</u>

The notes to the financial statements are an integral part of this statement.

Note 1 - Summary of Significant Accounting Policies

The Town of Kent, New York ("Town") was established in 1817 and operates in accordance with Town Law and the various other applicable laws of the State of New York. The Town Board is the legislative body responsible for overall operation. The Town Supervisor serves as both the chief executive and chief financial officer. The Town provides the following services to its residents: public safety, health, transportation, economic opportunity and development, culture and recreation, home and community services and general and administrative support.

The accounting policies of the Town conform to generally accepted accounting principles as applicable to governmental units and the Uniform System of Accounts as prescribed by the State of New York. The Governmental Accounting Standards Board ("GASB") is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The following is a summary of the Town's more significant accounting policies:

A. Financial Reporting Entity

The financial reporting entity consists of a) the primary government, which is the Town, b) organizations for which the Town is financially accountable and c) other organizations for which the nature and significance of their relationship with the Town are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete as set forth by GASB.

In evaluating how to define the Town, for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit in the Town's reporting entity was made by applying the criteria set forth by GASB, including legal standing, fiscal dependency and financial accountability. Based upon the application of these criteria, the following component unit is included in the Town's reporting entity because of its operational or financial relationship.

Kent Public Library ("Library") was created to benefit the residents of the community. The Library was incorporated in 1964 as the Kent Literary Association. In 1988, the Library became a town public library and was granted a permanent Charter by the Education Department of the State of New York. The Library serves the cultural, educational, recreational and informational needs of the Town residents. The Board of Trustees shall be approved by the Kent Town Board for a term limited to five years. Board members have complete responsibility for the management of the Library and accountability for fiscal matters. Financial support in the form of a contribution has been provided by the Town. Since the Library does not provide services entirely or almost entirely to the Town, the financial statements of the Library have been reflected as a discretely presented component unit. Financial statements are not available for this entity.

B. Government-Wide Financial Statements

The government-wide financial statements (i.e. the Statement of Net Position and the Statement of Activities) report information on all non-fiduciary activities of the primary government as a whole. For the most part, the effect of interfund activity has been removed from these statements, except for interfund services provided and used.

Note 1 - Summary of Significant Accounting Policies (Continued)

The Statement of Net Position presents the financial position of the Town at the end of its fiscal year. The Statement of Activities demonstrates the degree to which direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include (1) charges to customers or applicants who purchase, use or directly benefit from goods or services, or privileges provided by a given function or segment, (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment and (3) interest earned on grants that is required to be used to support a particular program. Taxes and other items not identified as program revenues are reported as general revenues. The Town does not allocate indirect expenses to functions in the Statement of Activities.

Separate financial statements are provided for governmental and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

C. Fund Financial Statements

The accounts of the Town are organized and operated on the basis of funds. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts which comprise its assets, deferred outflows of resources, liabilities, deferred inflows of resources, fund balances, revenues and expenditures. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance related legal and contractual provisions. The Town maintains the minimum number of funds consistent with legal and managerial requirements. The focus of governmental fund financial statements is on major funds as that term is defined in professional pronouncements. Each major fund is to be presented in a separate column, with non-major funds, if any, aggregated and presented in a single column. Fiduciary funds are reported by type. Since the governmental fund statements are presented on a different measurement focus and basis of accounting than the government-wide statements' governmental activities column, a reconciliation is presented on the pages following, which briefly explain the adjustments necessary to transform the fund based financial statements into the governmental activities column of the government-wide presentation. The Town's resources are reflected in the fund financial statements in two broad fund categories, in accordance with generally accepted accounting principles as follows:

Fund Categories

- a. Governmental Funds - Governmental Funds are those through which most general government functions are financed. The acquisition, use and balances of expendable financial resources and the related liabilities are accounted for through governmental funds. The following are the Town's major governmental funds.

General Fund - The General Fund constitutes the primary operating fund of the Town and is used to account for and report all financial resources not accounted for and reported in another fund.

Special Revenue Funds - Special revenue funds are used to account for and report the proceeds of specific revenue sources that are restricted, committed or assigned to expenditures for specified purposes other than debt service or capital projects. The major special revenue funds of the Town are as follows:

Note 1 - Summary of Significant Accounting Policies (Continued)

Highway Fund - The Highway Fund is used to account for road and bridge maintenance and improvements as defined in the Highway Law of the State of New York. The major revenue of this fund is real property taxes.

Special Districts Fund - The Special Districts Fund is provided to account for the operation and maintenance of the Town's fire protection, park, water, sewer and sanitation districts. The major revenue of this fund is real property taxes.

Special Purpose Fund - The Special Purpose Fund is used to account for assets held by the Town in accordance with terms of a trust agreement.

Capital Projects Fund - The Capital Projects Fund is used to account for and report financial resources that are restricted, committed or assigned to expenditures for capital outlays, including the acquisition or construction of major capital facilities and other capital assets.

- b. Fiduciary Funds (Not Included in Government-Wide Financial Statements) - Fiduciary funds are used to account for assets held by the Town in an agency capacity on behalf of others. The Agency Fund is used to account for employee payroll tax withholdings and various other deposits that are payable to other jurisdictions or individuals.

D. Measurement Focus, Basis of Accounting and Financial Statement Presentation

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as current financial resources (current assets less current liabilities) or economic resources (all assets and liabilities). The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. The Agency Fund has no measurement focus but utilizes the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. Property taxes are considered to be available if collected within sixty days of the fiscal year end. If expenditures are the prime factor for determining eligibility, revenues from Federal and State grants are recognized as revenues when the expenditure is made. A ninety day availability period is generally used for revenue recognition for most other governmental fund revenues. Expenditures generally are recorded when a liability is incurred, as under accrual

Note 1 - Summary of Significant Accounting Policies (Continued)

accounting. However, debt service expenditures, as well as expenditures related to compensated absences, net pension liability, certain judgments and claims and other post-employment benefit obligations are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

E. Assets, Liabilities, Deferred Outflows/Inflows of Resources and Net Position or Fund Balances

Cash and Equivalents, Investments and Risk Disclosure

Cash and Equivalents - Cash and equivalents consist of funds deposited in demand deposit accounts, time deposit accounts and certificates of deposit with original maturities of less than three months.

The Town's deposits and investment policies are governed by State statutes. The Town has adopted its own written investment policy which provides for the deposit of funds in FDIC insured commercial banks or trust companies located within the State. The Town is authorized to use demand deposit accounts, time deposit accounts and certificates of deposit.

Collateral is required for demand deposit accounts, time deposit accounts and certificates of deposit at 100% of all deposits not covered by Federal deposit insurance. The Town has entered into custodial agreements with the various banks which hold their deposits. These agreements authorize the obligations that may be pledged as collateral. Such obligations include, among other instruments, obligations of the United States and its agencies and obligations of the State and its municipal and school district subdivisions.

Investments - Permissible investments include obligations of the U.S. Treasury, U.S. Agencies, repurchase agreements and obligations of New York State or its political subdivisions.

The Town follows the provisions of GASB Statement No. 72, "*Fair Value Measurements and Application*", which defines fair value and established a fair value hierarchy organized into three levels based upon the input assumptions used in pricing assets. Level 1 inputs have the highest reliability and are related to assets with unadjusted quoted prices in active markets. Level 2 inputs relate to assets with other than quoted prices in active markets which may include quoted prices for similar assets or liabilities or other inputs which can be corroborated by observable market data. Level 3 inputs are unobservable inputs and are used to the extent that observable inputs do not exist.

Note 1 - Summary of Significant Accounting Policies (Continued)

Risk Disclosure

Interest Rate Risk - Interest rate risk is the risk that the government will incur losses in fair value caused by changing interest rates. The Town does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from changing interest rates. Generally, the Town does not invest in any long-term investment obligations.

Custodial Credit Risk - Custodial credit risk is the risk that in the event of a bank failure, the Town's deposits may not be returned to it. GASB Statement No. 40 directs that deposits be disclosed as exposed to custodial credit risk if they are not covered by depository insurance and the deposits are either uncollateralized, collateralized by securities held by the pledging financial institution or collateralized by securities held by the pledging financial institution's trust department but not in the Town's name. The Town's aggregate bank balances that were not covered by depository insurance were not exposed to custodial credit risk at December 31, 2017.

Credit Risk - Credit risk is the risk that an issuer or other counterparty will not fulfill its specific obligation even without the entity's complete failure. The Town does not have a formal credit risk policy other than restrictions to obligations allowable under General Municipal Law of the State of New York.

Concentration of Credit Risk - Concentration of credit risk is the risk attributed to the magnitude of a government's investments in a single issuer. The Town's investment policy limits the amount on deposit at each of its banking institutions.

Taxes Receivable - Real property taxes attach as an enforceable lien on real property and are levied on January 1st. The Town collects county, town, highway and special districts taxes which are levied and due January 1st and payable without penalty to January 31st. The Town retains the total amount of town, highway and special districts taxes from the total collections and returns the balance plus the uncollected items to the County which assumes collection responsibility.

Other Receivables - Other receivables include amounts due from other governments and individuals for services provided by the Town. Receivables are recorded and revenues recognized as earned or as specific program expenditures are incurred. Allowances are recorded when appropriate.

Due From/To Other Funds - During the course of its operations, the Town has numerous transactions between funds to finance operations, provide services and construct assets. To the extent that certain transactions between funds had not been paid or received as of December 31, 2017 balances of interfund amounts receivable or payable have been recorded in the fund financial statements.

Inventory - Inventories in the General Fund consists of materials at a stated value which approximates market. The cost is recorded as inventory at the time individual inventory items are purchased. The Town uses the consumption method to relieve inventory. In the fund financial statements, reported amounts are equally offset by a nonspendable fund balance, which indicates that these amounts do not constitute "available spendable resources" even though they are a

Note 1 - Summary of Significant Accounting Policies (Continued)

component of current assets.

Prepaid Expenses/Expenditures - Certain payments to vendors reflect costs applicable to future accounting periods, and are recorded as prepaid items using the consumption methods in both the government-wide and the fund financial statements. Prepaid expenses/expenditures consist of costs which have been satisfied prior to the end of the fiscal year, but represent items which have been provided for in the subsequent year's budget and will benefit such periods. Reported amounts in the fund financial statements are equally offset by nonspendable fund balance, which indicates that these amounts do not constitute "available spendable resources" even though they are a component of current assets.

Capital Assets - Capital assets, which include property, plant, equipment and infrastructure assets (e.g., roads, bridges, sidewalks and similar items), are reported in the governmental activities column in the government-wide financial statements. Capital assets are defined by the Town as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation.

In the case of the initial capitalization of general infrastructure assets (i.e., those reported by governmental activities, the Town chose to include all such items regardless of their acquisition date or amount. The Town was able to estimate the historical cost for the initial reporting of these assets through backtrending (i.e., estimating the current replacement cost of the infrastructure to be capitalized and using an appropriate price-level index to deflate the cost to the acquisition year or estimated acquisition year).

Major outlays for capital assets and improvements are capitalized as projects are constructed. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives is not capitalized.

Land and construction-in-progress are not depreciated. Property, plant and equipment of the Town are depreciated using the straight line method over the following estimated useful lives.

<u>Class</u>	<u>Life in Years</u>
Buildings and improvements	20-50
Machinery and equipment	5-20
Infrastructure	50

The costs associated with the acquisition or construction of capital assets are shown as capital outlay expenditures on the governmental fund financial statements. Capital assets are not shown on the governmental funds balance sheet.

Unearned Revenues - Unearned revenues arise when assets are recognized before revenue recognition criteria has been satisfied. In government-wide financial statements, unearned amounts consist of amounts received in advance and/or revenue from grants received before the eligibility requirements have been met.

Unearned revenues in the fund financial statements are those where asset recognition criteria have

Note 1 - Summary of Significant Accounting Policies (Continued)

been met, but for which revenue recognition criteria have not been met. The Town has reported unearned revenues of \$22,745 for the advance collection of recreation fees in the General Fund and \$39,791 in the Capital Projects Fund for a long term receivable from Environmental Facilities Corporation for the Road Construction Route 52 Sewer Project.

Deferred Outflows/Inflows of Resources - In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time.

The Town reported deferred outflows of resources of \$79,614 for a deferred loss on refunding bonds in the government-wide Statement of Net Position. This amount results from the difference in carrying value of the refunded debt and its requisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

The Town also reported deferred outflows of resources and deferred inflows of resources in relation to its pension obligations. These amounts are detailed in the discussion of the Town's pension plans in Note 3D.

Long-Term Liabilities - In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the Statement of Net Position. Bond premiums and discounts are deferred and amortized over the life of the bonds. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are expensed as incurred.

In the fund financial statements, governmental funds recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of the debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources, while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as Capital Projects Fund expenditures.

Compensated Absences - The various collective bargaining agreements provide for the payment of accumulated sick leave upon separation from service. The liability for such accumulated leave is reflected in the government-wide statement of net position as current and long-term liabilities. A liability for these amounts is reported in the governmental funds only if the liability has matured through employee resignation or retirement. The liability for compensated absences includes salary related payments, where applicable.

Net Pension Liability - The net pension liability represents the Town's proportionate share of the net pension liability of the New York State and Local Employees' Retirement System and the New York State and Local Police and Fire Retirement System. The financial reporting of these amounts are presented in accordance with the provisions of GASB Statement No. 68, "Accounting and Financial Reporting for Pensions" and GASB Statement No. 71, "Pension Transition for Contributions Made Subsequent to the Measurement Date."

Note 1 - Summary of Significant Accounting Policies (Continued)

Net Position - Net position represent the difference between assets, deferred outflows of resources, liabilities, and deferred inflows of resources. Net position is reported as restricted when there are limitations imposed on its use either through the enabling legislation adopted by the Town or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. Net position on the Statement of Net Position includes net investment in capital assets, restricted for capital projects, repairs, future capital projects, special districts, debt service and special purpose. The balance is classified as unrestricted.

Fund Balances - Generally, fund balance represents the difference between current assets and deferred outflows of resources and current liabilities and deferred inflows of resources. In the fund financial statements, governmental funds report fund classifications that comprise a hierarchy based primarily on the extent to which the Town is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. Under this standard the fund balance classifications are as follows:

Nonspendable fund balance includes amounts that cannot be spent because they are either not in spendable form (inventories, prepaid amounts, long-term receivables, advances) or they are legally or contractually required to be maintained intact (the corpus of a permanent fund).

Restricted fund balance is reported when constraints placed on the use of the resources are imposed by grantors, contributors, laws or regulations of other governments or imposed by law through enabling legislation. Enabling legislation includes a legally enforceable requirement that these resources be used only for the specific purposes as provided in the legislation. This fund balance classification is used to report funds that are restricted for debt service obligations and for other items contained in the General Municipal Law of the State of New York.

Committed fund balance is reported for amounts that can only be used for specific purposes pursuant to formal action of the entity's highest level of decision making authority. The Town Board is the highest level of decision making authority for the Town that can, by the adoption of a resolution prior to the end of the fiscal year, commit fund balance. Once adopted, these funds may only be used for the purpose specified unless the Town removes or changes the purpose by taking the same action that was used to establish the commitment. This classification includes certain amounts established and approved by the Town Board.

Assigned fund balance, in the General Fund, represents amounts constrained either by policies of the Town Board for amounts assigned for balancing the subsequent year's budget or the Town Supervisor for amounts assigned for encumbrances. Unlike commitments, assignments generally only exist temporarily, in that additional action does not normally have to be taken for the removal of an assignment. An assignment cannot result in a deficit in the unassigned fund balance in the General Fund. Assigned fund balance in all other governmental funds represents any positive remaining amount after classifying nonspendable, restricted or committed fund balance amounts.

Note 1 - Summary of Significant Accounting Policies (Continued)

Unassigned fund balance, in the General Fund, represents amounts not classified as nonspendable, restricted, committed or assigned. The General Fund is the only fund that would report a positive amount in unassigned fund balance. For all governmental funds other than the General Fund, unassigned fund balance would necessarily be negative, since the fund's liabilities and deferred inflows of resources, together with amounts already classified as nonspendable, restricted and committed would exceed the fund's assets and deferred outflows of resources.

In order to calculate the amounts to report as restricted and unrestricted fund balance in the governmental fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. When both restricted and unrestricted amounts of fund balance are available for use for expenditures incurred, it is the Town's policy to use restricted amounts first and then unrestricted amounts as they are needed. For unrestricted amounts of fund balance, it is the Town's policy to use fund balance in the following order: committed, assigned, and unassigned.

F. Encumbrances

In governmental funds, encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditure of monies are recorded in order to reserve applicable appropriations, is generally employed as an extension of formal budgetary integration in the General, Highway and Special Districts funds. Encumbrances outstanding at year-end are generally reported as assigned fund balance since they do not constitute expenditures or liabilities. The Town has not yet implemented an encumbrance system.

G. Use of Estimates

The preparation of the financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets, deferred outflows of resources, liabilities and deferred inflows of resources and disclosures of contingent assets and liabilities at the date of the financial statements. Estimates also affect the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

H. Subsequent Events Evaluation by Management

Management has evaluated subsequent events for disclosure and/or recognition in the financial statements through the date that the financial statements were available to be issued, which date is July 13, 2018.

Note 2 - Stewardship, Compliance and Accountability

A. Budgetary Data

The Town generally follows the procedures enumerated below in establishing the budgetary data reflected in the financial statements:

- a) On or before September 30th, the Supervisor shall submit a tentative budget to the Town Clerk.
- b) On or before October 5th, the Town Clerk shall present the tentative budget to the Town Board.
- c) Once the tentative budget is approved by the Town Board, it becomes the preliminary budget. The Town Board files the preliminary budget with the Town Clerk where it is available for inspection. In addition, the Board shall cause to be published a notice specifying a time and place for a public hearing.
- d) At the public hearing, taxpayers may comment on the preliminary budget.
- e) On or before November 20th, the Town Board shall adopt the preliminary budget as originally compiled or it may, by a majority vote, diminish or reject certain items contained therein as prescribed by law.
- f) Formal budgetary integration is employed during the year as a management control device for the General, Highway and Special Districts funds.
- g) Budgets for the General, Highway and Special District funds are legally adopted annually on a basis consistent with generally accepted accounting principles. The Capital Projects Fund is budgeted on a project basis. An annual budget is not adopted for the Special Purpose Fund.
- h) The Town Board has established legal control of the budget at the function level of expenditures. Transfers between appropriation accounts, at the function level, require approval by the Town Board. Any modifications to appropriations resulting from increases in revenue estimates or supplemental reserve appropriations also require a majority vote by the Board.
- i) Appropriations in the General, Highway and Special District funds lapse at the end of the fiscal year, except that outstanding encumbrances are reappropriated in the succeeding year pursuant to the Uniform System of Accounts as promulgated by the Office of the State Comptroller.

Budgeted amounts are as originally adopted or as amended by the Town Board.

Note 2 - Stewardship, Compliance and Accountability (Continued)

B. Property Tax Limitation

The Town is not limited as to the maximum amount of real property taxes which may be raised. However, on June 24, 2011, the Governor signed Chapter 97 of the Laws of 2011 ("Tax Levy Limitation Law"). This applies to all local governments.

The Tax Levy Limitation Law restricts the amount of real property taxes that may be levied by a Town in a particular year. The original legislation that established the Tax levy Limitation Law was set to expire on June 16, 2016. Chapter 20 of the Laws of 2015 extends the Tax Levy Limitation Law through June 2020.

The following is a brief summary of certain relevant provisions of the Tax Levy Limitation Law. The summary is not complete and the full text of the Tax Levy Limitation Law should be read in order to understand the details and implementations thereof.

The Tax Levy Limitation Law imposes a limitation on increases in the real property tax levy, subject to certain exceptions. The Tax Levy Limitation Law permits the Town to increase its overall real property tax levy over the tax levy of the prior year by no more than the "Allowable Levy Growth Factor," which is the lesser of one and two-one hundredths or the sum of one plus the Inflation Factor; provided, however that in no case shall the levy growth factor be less than one. The "Inflation Factor" is the quotient of: (i) the average of the National Consumer Price Indexes determined by the United States Department of Labor for the twelve-month period ending six months prior to the start of the coming fiscal year minus the average of the National Consumer Price Indexes determined by the United States Department of Labor for the twelve-month period ending six months prior to the start of the prior fiscal year, divided by (ii) the average of the National Consumer Price Indexes determined by the United States with the result expressed as a decimal to four places. The Town is required to calculate its tax levy limit for the upcoming year in accordance with the provision above and provide all relevant information to the New York State Comptroller prior to adopting its budget. The Tax Levy Limitation Law sets forth certain exclusions to the real property tax levy limitation of the Town, including exclusions for certain portions of the expenditures for retirement system contributions and tort judgments payable by the Town. The Town Board may adopt a budget that exceeds the tax levy limit for the coming fiscal year, only if the Town Board first enacts, by a vote of at least sixty percent of the total voting power of the Town Board, a local law to override such limit for such coming fiscal year.

C. Fund Deficits

The Romanoff Water District sub-fund in the Special Districts Fund reflects an assigned deficit of \$9,214 at December 31, 2017 as a result of emergency water main repairs. The Town will address this deficit in the ensuing year.

D. Capital Projects Fund Deficit

The deficits in various individual projects arise because of expenditures exceeding current financing on the projects. These deficits will be eliminated with the subsequent receipt or issuance of authorized financing.

Town of Kent, New York

Notes to Financial Statements (Continued)
December 31, 2017

Note 2 - Stewardship, Compliance and Accountability (Continued)**E. Expenditures in Excess of Budget**

The All-Inclusive Playground capital project exceeded its budgetary authorization by \$1,848.

Note 3 - Detailed Notes on All Funds**A. Due From/To Other Funds**

The balances reflected as due from/to other funds at December 31, 2017 were as follows:

<u>Fund</u>	<u>Due From</u>	<u>Due To</u>
General Fund	\$ 1,052,712	\$ -
Highway Fund	87,060	471,661
Special Districts Fund	348,106	1,164,045
Capital Projects Fund	147,828	-
	<u>\$ 1,635,706</u>	<u>\$ 1,635,706</u>

The outstanding balances between funds results mainly from the time lag between the dates that 1) interfund goods and services are provided or reimbursable expenditures occur, 2) transactions are recorded in the accounting system and 3) payments between funds are made.

B. Capital Assets

Changes in the Town's capital assets are as follows:

<u>Class</u>	<u>Balance January 1, 2017</u>	<u>Additions</u>	<u>Balance December 31, 2017</u>
Capital Assets, not being depreciated			
Land	\$ 16,345,620	\$ -	\$ 16,345,620
Construction-in-progress	-	175,348	175,348
Total Capital Assets, not being depreciated	<u>\$ 16,345,620</u>	<u>\$ 175,348</u>	<u>\$ 16,520,968</u>
Capital Assets, being depreciated			
Buildings and improvements	\$ 14,030,052	\$ 160,914	\$ 14,190,966
Machinery and equipment	6,776,404	575,837	7,352,241
Infrastructure	8,010,761	284,083	8,294,844
Total Capital Assets, being depreciated	<u>28,817,217</u>	<u>1,020,834</u>	<u>29,838,051</u>

Town of Kent, New York

Notes to Financial Statements (Continued)
 December 31, 2017

Note 3 - Detailed Notes on All Funds (Continued)

<u>Class</u>	<u>Balance January 1, 2017</u>	<u>Additions</u>	<u>Balance December 31, 2017</u>
Less Accumulated Depreciation for			
Building and improvements	\$ 6,184,927	\$ 351,296	\$ 6,536,223
Machinery and equipment	4,640,094	530,887	5,170,981
Infrastructure	344,168	163,056	507,224
Total Accumulated Depreciation	<u>11,169,189</u>	<u>1,045,239</u>	<u>12,214,428</u>
Total Capital Assets, being depreciated, net	<u>\$ 17,648,028</u>	<u>\$ (24,405)</u>	<u>\$ 17,623,623</u>
Capital Assets, net	<u>\$ 33,993,648</u>	<u>\$ 150,943</u>	<u>\$ 34,144,591</u>

Depreciation expense was charged to the Town's functions and programs as follows:

General Government Support	\$ 164,895
Public Safety	163,409
Transportation	367,374
Culture and Recreation	129,894
Home and Community Support	<u>219,667</u>
Total Depreciation Expense	<u>\$ 1,045,239</u>

C. Accrued Liabilities

Accrued liabilities at December 31, 2017 were as follows:

	<u>Fund</u>			
	<u>General</u>	<u>Highway</u>	<u>Special Districts</u>	<u>Total</u>
Payroll and Employee Benefits	\$ 154,404	\$ 86,980	\$ 37,600	\$ 278,984
Other	43,012	-	46,887	89,899
	<u>\$ 197,416</u>	<u>\$ 86,980</u>	<u>\$ 84,487</u>	<u>\$ 368,883</u>

Town of Kent, New York

Notes to Financial Statements (Continued)
December 31, 2017

Note 3 - Detailed Notes on All Funds (Continued)

D. Long-Term Liabilities

The following table summarizes changes in the Town's long-term indebtedness for the year ended December 31, 2017:

	Balance January 1, 2017	New Issues/ Additions	Maturities and/or Payments	Balance December 31, 2017	Due Within One Year
Bonds Payable	\$ 1,735,120	\$ -	\$ 363,620	\$ 1,371,500	\$ 296,500
Plus - Issuance premium	29,600	-	5,382	24,218	-
	1,764,720	-	369,002	1,395,718	296,500
Other Non-Current Liabilities					
Compensated Absences	105,566	11,862	11,000	106,428	11,000
Net Pension Liability	3,919,919	-	1,490,850	2,429,069	-
Judgments and Claims	466,000	-	-	466,000	-
Other Post Employment Benefit Obligations Payable	22,620,891	3,899,566	828,089	25,692,368	-
	<u>\$ 28,877,096</u>	<u>\$ 3,911,428</u>	<u>\$ 2,698,941</u>	<u>\$ 30,089,583</u>	<u>\$ 307,500</u>

Each governmental fund's liability for bonds, compensated absences, net pension liability, judgments and claims and other post employment benefit obligations payable is liquidated by the General, Highway and Special Districts funds.

Bonds Payable

Bonds payable at December 31, 2017 are comprised of the following individual issues:

Purpose	Year of Issue	Original Issue Amount	Final Maturity	Interest Rates	Amount Outstanding at December 31, 2017
Refunding Bonds	2011	\$ 2,875,000	September, 2022	2.00 - 3.00 %	\$ 1,360,000
Generator	2013	57,500	March, 2018	1.75	11,500
					<u>\$ 1,371,500</u>

Interest expenditures of \$44,256 were recorded in the fund financial statements in the following funds.

Fund	Amount
General	\$ 43,163
Highway	795
Special Districts	298
	<u>\$ 44,256</u>

Interest expense of \$54,847 was recorded in the government-wide financial statements.

Note 3 - Detailed Notes on All Funds (Continued)

Payments to Maturity

The annual requirements to amortize all bonded debt outstanding as of December 31, 2017, including interest payments of \$115,613 are as follows:

<u>Year Ending December 31,</u>	<u>Principal</u>	<u>Interest</u>
2018	\$ 296,500	\$ 37,363
2019	280,000	30,850
2020	270,000	23,850
2021	265,000	15,750
2022	260,000	7,800
	<u>\$ 1,371,500</u>	<u>\$ 115,613</u>

Judgments and claims

Judgments and claims reflect a liability of \$466,000 for a construction claim in which a vendor is asking for additional payment for change orders submitted during construction of a sewer district. This amount has been recorded in the government-wide financial statements.

Compensated Absences

Police officers may accumulate 180 days of sick leave. Any employee may elect to be paid for unused sick time at the end of each calendar year. Such payment will be for the time accumulated during that year only and will be paid at the current rate of pay. Vacation time must be taken in the year earned. Certain employees may elect to add up to 125 days of sick time to their retirement time under Section 41j of the New York State Employee's Retirement System. The Town is liable to the System for such elections. The value of all compensated absences has been recorded in the government-wide financial statements.

Pension Plans

New York State and Local Retirement System

The Town participates in the New York State and Local Employees' Retirement System ("ERS") and the New York State and Local Police and Fire Retirement System ("PFRS") which are collectively referred to as the New York State and Local Retirement System ("System"). These are cost-sharing, multiple-employer defined benefit pension plans. The System provides retirement benefits as well as death and disability benefits. The net position of the System is held in the New York State Common Retirement Fund ("Fund"), which was established to hold all net assets and record changes in plan net position. The Comptroller of the State of New York serves as the trustee of the Fund and is the administrative head of the System. The Comptroller is an elected official determined in a direct statewide election and serves a four year term. Obligations of employers and employees to contribute and benefits to employees are governed by the New York State Retirement and Social Security Law ("NYSRSSL"). Once a public employer elects to participate in the System, the election is irrevocable. The New York State Constitution provides that pension membership is a contractual relationship and plan benefits

Note 3 - Detailed Notes on All Funds (Continued)

cannot be diminished or impaired. Benefits can be changed for future members only by enactment of a State statute. The Town also participates in the Public Employees' Group Life Insurance Plan, which provides death benefits in the form of life insurance. The System is included in the State's financial report as a pension trust fund. That report, including information with regard to benefits provided may be found at www.osc.state.ny.us/retire/publications/index.php or obtained by writing to the New York State and Local Retirement System, 110 State Street, Albany, NY 12244.

The System is noncontributory except for employees who joined after July 27, 1976, who contribute 3% of their salary for the first ten years of membership, and employees who joined on or after January 1, 2010, who generally contribute between 3% and 6% of their salary for their entire length of service. Under the authority of the NYSRSSL, the Comptroller annually certifies the actuarially determined rates expressly used in computing the employers' contributions based on salaries paid during the System's fiscal year ending March 31. The employer contribution rates for the plan's year ending in 2018 are as follows:

	<u>Tier/Plan/Option</u>	<u>Rate</u>
ERS	1 75I	21.7 %
	3 A14	16.0
	4 A15	16.0
	5 A15	13.1
	6 A15	9.3
	6 A15	9.3
PFRS	2 384D	24.6 %
	5 384D	19.9
	6 384D	14.8

At December 31, 2017, the Town's reported a liability of \$1,359,473 for its proportionate share of the net pension liability of ERS and a liability of \$1,069,596 for its proportionate share of the net pension liability of PFRS. The net pension liability was measured as of March 31, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Town's proportion of the net pension liability was based on a computation of the actuarially determined indexed present value of future compensation by employer relative to the total of all participating members. At December 31, 2017, the Town's proportion was .0144683% for ERS and .0516052% for PFRS, which was a decrease of .0005647% for ERS and an increase of .0007038% for PFRS, from its proportion measured as of March 31, 2016.

For the year ended December 31, 2017, the Town recognized pension expense in the government-wide financial statements of \$771,484 for ERS and \$620,409 for PFRS. Pension expenditures of \$571,814 for ERS and \$425,005 for PFRS were recorded in the fund financial statements and were charged to the following funds:

Town of Kent, New York

Notes to Financial Statements (Continued) December 31, 2017

Note 3 - Detailed Notes on All Funds (Continued)

<u>Fund</u>	<u>ERS</u>	<u>PFRS</u>
General	\$ 252,953	\$ 425,005
Special Districts	116,008	-
Highway	202,853	-
	<u>\$ 571,814</u>	<u>\$ 425,005</u>

At December 31, 2017, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>ERS</u>		<u>PFRS</u>		<u>Total</u>	
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 34,067	\$ 206,444	\$ 140,313	\$ 184,803	\$ 174,380	\$ 391,247
Changes of assumptions	464,446	-	526,945	-	991,391	-
Net difference between projected and actual earnings on pension plan investments	271,542	-	159,743	-	431,285	-
Changes in proportion and differences between Town contributions and proportionate share of contributions	75,201	87,581	2,617	41,120	77,818	128,701
Town contributions subsequent to the measurement date	424,880	-	325,338	-	750,218	-
	<u>\$ 1,270,136</u>	<u>\$ 294,025</u>	<u>\$ 1,154,956</u>	<u>\$ 225,923</u>	<u>\$ 2,425,092</u>	<u>\$ 519,948</u>

\$424,880 and \$325,338 reported as deferred outflows of resources related to ERS and PFRS, respectively, resulting from the Town's accrued contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended March 31, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to ERS and PFRS will be recognized in pension expense as follows:

<u>Year Ended March 31,</u>	<u>ERS</u>	<u>PFRS</u>
2018	\$ 250,066	\$ 203,355
2019	250,066	203,355
2020	244,070	191,432
2021	(192,971)	(15,410)
2022	-	20,963

The total pension liability for the March 31, 2017 measurement date was determined by using an actuarial valuation as of April 1, 2016, with update procedures used to roll forward the total pension liabilities to March 31, 2017. Significant actuarial assumptions used in the April 1, 2016 valuation were as follows:

Inflation	2.5%
Salary scale	3.8% in ERS, 4.5% in PFRS indexed by service
Investment rate of return	7.0% compounded annually, net of investment expenses, including inflation
Cost of living adjustments	1.3% annually

Note 3 - Detailed Notes on All Funds (Continued)

Annuitant mortality rates are based on the April 1, 2010 - March 31, 2015 System's experience with adjustments for mortality improvements based on Society of Actuaries Scale MP-2014.

The actuarial assumptions used in the April 1, 2016 valuation are based on the results of an actuarial experience study for the period April 1, 2010 - March 31, 2015.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best estimate ranges of expected future real rates of return (expected return, net of investment expenses and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized below.

<u>Asset Type</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic Equity	36 %	4.55 %
International Equity	14	6.35
Private Equity	10	7.75
Real Estate	10	5.80
Absolute Return Strategies	2	4.00
Opportunistic Portfolio	3	5.89
Real Assets	3	5.54
Bonds and Mortgages	17	1.31
Cash	1	(0.25)
Inflation Indexed Bonds	4	1.50
	<u>100 %</u>	

The real rate of return is net of the long-term inflation assumption of 2.5%.

The discount rate used to calculate the total pension liability was 7.0%. The projection of cash flows used to determine the discount rate assumes that contributions from plan members will be made at the current contribution rates and that contributions from employers will be made at statutorily required rates, actuarially determined. Based upon those assumptions, the System's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Town of Kent, New York

Notes to Financial Statements (Continued)
December 31, 2017

Note 3 - Detailed Notes on All Funds (Continued)

The following presents the Town's proportionate share of the net pension liability calculated using the discount rate of 7.0%, as well as what the Town's proportionate share of the net pension liability (asset) would be if it were calculated using a discount rate that is 1 percentage point lower (6.0%) or 1 percentage point higher (8.0%) than the current rate:

	1% Decrease (6.0%)	Current Assumption (7.0%)	1% Increase (8.0%)
Town's proportionate share of the ERS net pension liability (asset)	<u>\$ 4,341,889</u>	<u>\$ 1,359,473</u>	<u>\$ (1,162,153)</u>
Town's proportionate share of the PFRS net pension liability (asset)	<u>\$ 3,032,244</u>	<u>\$ 1,069,596</u>	<u>\$ (576,584)</u>

The components of the collective net pension liability as of the March 31, 2017 measurement date were as follows:

	ERS	PFRS	Total
Total pension liability	\$ 177,400,586,000	\$ 31,670,483,000	\$ 209,071,069,000
Fiduciary net position	<u>168,004,363,000</u>	<u>29,597,831,000</u>	<u>197,602,194,000</u>
Employers' net pension liability	<u>\$ 9,396,223,000</u>	<u>\$ 2,072,652,000</u>	<u>\$ 11,468,875,000</u>
Fiduciary net position as a percentage of total pension liability	<u>94.7%</u>	<u>93.5%</u>	<u>94.5%</u>

Employer contributions to ERS and PFRS are paid annually and cover the period through the end of the System's fiscal year, which is March 31st. Retirement contributions as of December 31, 2017 represent the employer contribution for the period of April 1, 2017 through December 31, 2017 based on prior year ERS and PFRS wages multiplied by the employers' contribution rate, by tier. Retirement contributions to ERS and PFRS for the nine months ended December 31, 2017 were \$424,880 and \$325,338, respectively.

Voluntary Defined Contribution Plan

The Town can offer a defined contribution plan to all non-union employees hired on or after July 1, 2013 and earning at the annual full-time salary rate of \$75,000 or more. The employee contribution is between 3% and 6% depending on salary and the Town will contribute 8%. Employer contributions vest after 366 days of service. No current employees participated in this program.

Other Post Employment Benefit Obligations Payable

In addition to providing pension benefits, the Town provides certain health care benefits for retired employees through a single employer defined benefit plan. The various collective bargaining agreements stipulate the employees covered and the percentage of contribution. Contributions by the Town may vary according to length of service. The cost of providing other post employment benefit obligations payable is shared between the Town and the retired employees. Substantially all of the Town's employees may become eligible for those benefits if they reach normal retirement age while working for the Town. The cost of other post employment benefit obligations payable is recognized as an expenditure in the fund financial statements as claims are paid.

Note 3 - Detailed Notes on All Funds (Continued)

The Town's annual other post employment benefit ("OPEB") cost (expense) is calculated based on the annual required contribution, ("ARC"), an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. GASB Statement No. 45 establishes standards for the measurement, recognition and display of the expenses and liabilities for retirees' medical insurance. As a result, reporting of expenses and liabilities will no longer be accounted for under the "pay-as-you-go" approach. Instead of expensing the current year premiums paid, a per capita claims cost will be determined, which will be used to determine a "normal cost", an "actuarial accrued liability", and ultimately the ARC. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed thirty years.

Actuarial valuations for OPEB plans involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. These amounts are subject to continual revision as results are compared to past expectations and new estimates are made about the future. Calculations are based on the OPEB benefits provided under the terms of the substantive plan in effect at the time of each valuation and on the pattern of sharing of costs between the employer and plan members to that point. In addition, the assumptions and projections do not explicitly incorporate the potential effects of legal or contractual funding limitations on the pattern of cost sharing between the employer and plan members in the future. The actuarial calculations of the OPEB plan reflect a long-term perspective.

The Town is required to accrue on the government-wide financial statements the amounts necessary to finance the plan as actuarially determined, which is equal to the balance not paid by plan members. Funding for the Plan has been established on a pay-as-you-go basis. The assumed rate of increase in postretirement benefits is presented below:

Fiscal Year	Pre 65	Post 65
2018	9.00 %	9.00 %
2019	8.50	8.50
2020	8.00	8.00
2021	7.50	7.50
2022	7.00	7.00
2023	6.50	6.50
2024	6.00	6.00
2025	5.50	5.50
2026+	5.00	5.00

The amortization basis is the level dollar of payroll method with an open amortization approach with 21 years remaining in the amortization period. The actuarial assumptions included a 4.0% annual discount rate. The Town currently has no assets set aside for the purpose of paying post employment benefits. The actuarial cost method utilized was the unit credit method.

The number of participants as of January 1, 2017 was as follows:

Active Employees	82
Retired Employees and Dependents	<u>52</u>
Total	<u><u>134</u></u>

Town of Kent, New York

Notes to Financial Statements (Continued)
December 31, 2017

Note 3 - Detailed Notes on All Funds (Continued)

Amortization Component:	
Actuarial Accrued Liability as of January 1, 2017	\$ 32,770,354
Assets at Market Value	-
Unfunded Actuarial Accrued Liability ("UAAL")	<u>\$ 32,770,354</u>
Funded Ratio	<u>0.00%</u>
Covered Payroll (Active plan members)	<u>\$ 5,812,804</u>
UAAL as a Percentage of Covered Payroll	<u>563.76%</u>
Annual Required Contribution	\$ 2,732,045
Interest on Net OPEB Obligation	904,836
Adjustment to Annual Required Contribution	<u>262,685</u>
Annual OPEB Cost	3,899,566
Contributions Made	<u>(828,089)</u>
Increase in Net OPEB Obligation	3,071,477
Net OPEB Obligation - Beginning of Year	<u>22,620,891</u>
Net OPEB Obligation - End of Year	<u>\$ 25,692,368</u>

The Town's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan and the net OPEB obligation for the current and preceding year is as follows:

<u>Fiscal Year Ended December 31,</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
2017	\$ 3,899,566	21.24 %	\$ 25,692,368
2016	3,679,496	21.62	22,620,891
2015	4,018,892	20.05	19,736,883

The Schedule of funding progress for the OPEB plan immediately following the notes to the financial statements presents multi-year trend information about whether the actuarial value of the plan assets is increasing or decreasing relative to the actuarial accrued liability for the benefits over time.

F. Revenues and Expenditures**Interfund Transfers**

Interfund transfers are defined as the flow of assets such as cash or goods and services, without the equivalent flow of assets in return. The interfund transfers below have been reflected as transfers:

Note 3 - Detailed Notes on All Funds (Continued)

<u>Transfer Out</u>	<u>Transfers In Capital Projects Fund</u>
General Fund	\$ 140,000
Highway Fund	50,000
	<u>\$ 190,000</u>

Transfers are used to move amounts earmarked in the General and Highway Funds to fulfill commitments for Capital Projects Fund expenditures.

G. Net Position

The components of net position are detailed below:

Net Investment in capital assets - the component of net position that reports the difference between capital assets less both the accumulated depreciation and the outstanding balance of debt, excluding unexpended proceeds, that is directly attributable to the acquisition, construction or improvement of those assets.

Restricted for Capital Projects - the component of net position that reports the amounts restricted for capital projects, exclusive of unexpended bond proceeds and unrestricted interest earnings.

Restricted for Repairs - the component of net position that has been established in accordance with the General Municipal Law of the State of New York. The amount may only be used for repairs in the Town's Park and Water districts and only with approval of the Town Board.

Restricted for Future Capital Projects - the component of net position that has been established in accordance with General Municipal Law. The amount may only be used for capital projects and only with the approval of the Town Board.

Restricted for Special Districts Funds – the component of net position that represents funds restricted for specific purposes under New York State Law or by external parties and/or statutes.

Restricted for Debt Service - the component of net position that reports the difference between assets and liabilities with constraints placed on their use by Local Finance Law.

Restricted for Special Purpose - the component of net position that represents funds restricted for specific purposes under New York State law or by external parties and/or statutes.

Unrestricted - all other amounts that do not meet the definition of "restricted" or "net investment in capital assets".

Town of Kent, New York

Notes to Financial Statements (Continued) December 31, 2017

Note 3 - Detailed Notes on All Funds (Continued)

H. Fund Balances

	2017						2016					
	General Fund	Highway Fund	Special Districts Fund	Special Purpose Fund	Capital Projects Fund	Total	General Fund	Highway Fund	Special Districts Fund	Special Purpose Fund	Capital Projects Fund	Total
Nonspendable												
Inventories	\$ 218,657	\$ -	\$ -	\$ -	\$ -	\$ 218,657	\$ 212,077	\$ -	\$ -	\$ -	\$ -	\$ 212,077
Prepaid expenditures	313,294	105,472	64,587	-	-	483,353	346,638	112,198	69,070	-	-	527,906
Total Nonspendable	531,951	105,472	64,587	-	-	702,010	558,715	112,198	69,070	-	-	739,983
Restricted												
Repairs	-	-	110,448	-	-	110,448	-	-	109,748	-	-	109,748
Special purpose	-	-	-	110,215	-	110,215	-	-	-	110,122	-	110,122
Debt service	188,967	-	-	-	-	188,967	188,684	-	-	-	-	188,684
Capital projects	-	-	-	-	7,662	7,662	-	-	-	-	27,162	27,162
Future capital projects	-	-	131	-	-	131	-	-	131	-	-	131
Total Restricted	188,967	-	110,579	110,215	7,662	417,423	188,684	-	109,879	110,122	27,162	435,847
Assigned												
Future recycling projects	89,373	-	-	-	-	89,373	172,149	-	-	-	-	172,149
Police tuition	28,350	-	-	-	-	28,350	18,350	-	-	-	-	18,350
Subsequent year's expenditures	324,000	22,780	82,154	-	-	428,934	140,000	568,950	179,277	-	-	888,227
Major Funds	-	1,761	1,076,498	-	-	1,078,259	-	19,801	1,154,196	-	-	1,173,997
Total Assigned	441,723	24,541	1,158,652	-	-	1,624,916	330,499	588,751	1,333,473	-	-	2,252,723
Unassigned	4,702,911	-	-	-	-	4,702,911	4,887,851	-	-	-	-	4,887,851
Total Fund Balances	\$ 5,865,552	\$ 130,013	\$ 1,333,818	\$ 110,215	\$ 7,662	\$ 7,447,260	\$ 5,965,749	\$ 700,949	\$ 1,512,422	\$ 110,122	\$ 27,162	\$ 8,316,404

Note 3 - Detailed Notes on All Funds (Continued)

Certain elements of fund balance are described above. Those additional elements, which are not reflected in the Statement of Net Position but are reported in the governmental funds balance sheet are described below.

Inventories have been established to account for purchased goods which will be expended when consumed. The amount is classified as nonspendable to indicate that funds are not "available" for appropriation or expenditure even though they are a component of current assets.

Prepaid Expenditures has been established to account for payments made in advance. The amount is classified as nonspendable to indicate that funds are not "available" for appropriation or expenditure even though they are a component of current assets.

Amounts assigned for police tuition represent the Town's intention to use these funds for police training programs in the future. These amounts have been set aside by the Town Board.

Amounts assigned for future recycling projects represent the Town's intention to use these funds for recycling programs in the future. These amounts have been set aside by the Town Board.

Subsequent years' expenditures represent that at December 31, 2017, the Town Board has assigned the above amounts to be appropriated for the ensuing year's budget.

Unassigned fund balance in the General Fund represents amounts not classified as nonspendable, restricted, committed or assigned.

Note 4 - Summary Disclosure of Significant Contingencies

A. Litigation

The Town, in common with other municipalities, receives numerous notices of claims for money damages occurring from false arrest, property damage or personal injury. All the claims currently pending have been referred to the insurance carrier and none are expected to have a material effect on the Town's financial position, if adversely settled.

The Town is a defendant in a claim brought by a property owner and prospective tenant for damages allegedly caused by the Town's refusal to issue a building permit for a cement batch plant. The plaintiffs seek to invalidate a local law that prohibits their concrete manufacturing plant in its current location and requires it to cease operations within two years. They also seek damages for lost income as a result of the law. The Town is vigorously contesting the allegations. No accrual has been made for an unfavorable outcome, if any, in these financial statements.

There are also currently pending certiorari proceedings, the results of which could require the payment of future tax refunds by the Town if existing assessment rolls are modified based upon the outcome of the litigation proceedings. The amount of possible refunds cannot be determined at the present time and any refunds resulting from adverse settlements will be funded in the year in which the payments are made.

Note 4 - Summary Disclosure of Significant Contingencies (Continued)

B. Risk Management

The Town purchases conventional insurance coverages to reduce its exposure to loss. The Town maintains general liability and umbrella policies with coverage up to \$2 million and \$20 million, respectively. Workers' compensation coverage is secured at statutory levels. Settled claims resulting from these risks have not exceeded commercial coverage in 2017. The Town also purchases conventional health insurance coverage for employees from various providers.

C. Contingencies

The Town participates in various Federal grant programs. These programs may be subject to program compliance audits pursuant to the Single Audit Act. The amount of expenditures which may be disallowed by the granting agencies cannot be determined at this time, although the Town anticipates such amounts, if any, to be immaterial.

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Town of Kent, New York

Required Supplementary Information - Schedule of Funding Progress
Other Post Employment Benefits
Last Three Fiscal Years

Valuation Date	Actuarial		Unfunded Actuarial Accrued Liability	Funded Ratio	Covered Payroll	Unfunded Liability as a Percentage of Covered Payroll
	Value of Assets	Accrued Liability				
January 1, 2017	\$ -	\$ 32,770,354	\$ 32,770,354	- %	\$ 5,812,804	563.76 %
January 1, 2016	-	31,516,356	31,516,356	-	5,324,161	591.95
January 1, 2015	-	32,675,362	32,675,362	-	5,862,469	557.37

See independent auditors' report.

Town of Kent, New York

Required Supplementary Information - Schedule of the Town's Proportionate Share of the Net Pension Liability New York State and Local Employees' Retirement System Last Ten Fiscal Years (1)

	2017	2016 (2)	2015
Town's proportion of the net pension liability	<u>0.0144683%</u>	<u>0.0150330%</u>	<u>0.0155033%</u>
Town's proportionate share of the net pension liability	<u>\$ 1,359,473</u>	<u>\$ 2,412,837</u>	<u>\$ 523,738</u>
Town's covered payroll	<u>\$ 3,951,104</u>	<u>\$ 3,698,482</u>	<u>\$ 3,811,981</u>
Town's proportionate share of the net pension liability as a percentage of its covered payroll	<u>34.41%</u>	<u>65.24%</u>	<u>13.74%</u>
Plan fiduciary net position as a percentage of the total pension liability	<u>94.70%</u>	<u>90.70%</u>	<u>97.90%</u>

Note - The amounts presented for each fiscal year were determined as of the March 31 measurement date within the current fiscal year.

(1) Data not available prior to fiscal year 2015 implementation of Governmental Accounting Standards Board Statement No. 68, *Accounting and Financial Reporting for Pensions*.

(2) The discount rate used to calculate the total pension liability was decreased from 7.5% to 7.0% effective with the March 31, 2016 measurement date.

See independent auditors' report.

Town of Kent, New York**Required Supplementary Information - Schedule of Contributions
New York State and Local Employees' Retirement System
Last Ten Fiscal Years (1)**

	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contribution	\$ 581,661	\$ 542,271	\$ 778,912
Contributions in relation to the contractually required contribution	<u>(581,661)</u>	<u>(542,271)</u>	<u>(778,912)</u>
Contribution excess	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Town's covered payroll	<u>\$ 4,192,977</u>	<u>\$ 3,844,214</u>	<u>\$ 3,787,875</u>
Contributions as a percentage of covered payroll	<u>13.87%</u>	<u>14.11%</u>	<u>20.56%</u>

(1) Data not available prior to fiscal year 2015 implementation of Governmental Accounting Standards Board Statement No. 68, *Accounting and Financial Reporting for Pensions*.

See independent auditors' report.

Town of Kent, New York

Required Supplementary Information - Schedule of the
Town's Proportionate Share of the Net Pension Liability
New York State and Local Police and Fire Retirement System
Last Ten Fiscal Years (1)

	2017	2016 (2)	2015
Town's proportion of the net pension liability	<u>0.0516052%</u>	<u>0.0509014%</u>	<u>0.0534296%</u>
Town's proportionate share of the net pension liability	<u>\$ 1,069,596</u>	<u>\$ 1,507,082</u>	<u>\$ 147,070</u>
Town's covered payroll	<u>\$ 1,921,032</u>	<u>\$ 1,841,551</u>	<u>\$ 1,800,008</u>
Town's proportionate share of the net pension liability as a percentage of its covered payroll	<u>55.68%</u>	<u>81.84%</u>	<u>8.17%</u>
Plan fiduciary net position as a percentage of the total pension liability	<u>93.50%</u>	<u>90.20%</u>	<u>99.00%</u>

Note - The amounts presented for each fiscal year were determined as of the March 31 measurement date within the current fiscal year.

(1) Data not available prior to fiscal year 2015 implementation of Governmental Accounting Standards Board Statement No. 68, *Accounting and Financial Reporting for Pensions*.

(2) The discount rate used to calculate the total pension liability was decreased from 7.5% to 7.0% effective with the March 31, 2016 measurement date.

See independent auditors' report.

Town of Kent, New York**Required Supplementary Information - Schedule of Contributions
New York State and Local Police and Fire Retirement System
Last Ten Fiscal Years (1)**

	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contribution	\$ 433,784	\$ 398,668	\$ 394,988
Contributions in relation to the contractually required contribution	<u>(433,784)</u>	<u>(398,668)</u>	<u>(394,988)</u>
Contribution excess	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Town's covered payroll	<u>\$ 1,931,966</u>	<u>\$ 1,804,596</u>	<u>\$ 2,113,512</u>
Contributions as a percentage of covered payroll	<u>22.45%</u>	<u>22.09%</u>	<u>18.69%</u>

(1) Data not available prior to fiscal year 2015 implementation of Governmental Accounting Standards Board Statement No. 68, *Accounting and Financial Reporting for Pensions*.

See independent auditors' report.

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Town of Kent, New York

General Fund
Comparative Balance Sheet
December 31,

	<u>2017</u>	<u>2016</u>
ASSETS		
Cash and equivalents	<u>\$ 4,447,321</u>	<u>\$ 2,834,726</u>
Receivables		
Accounts	209,087	133,923
State and Federal aid	21,872	16,872
Due from other funds	<u>1,052,712</u>	<u>2,948,099</u>
	<u>1,283,671</u>	<u>3,098,894</u>
Inventories	<u>218,657</u>	<u>212,077</u>
Prepaid expenditures	<u>313,294</u>	<u>346,638</u>
Total Assets	<u><u>\$ 6,262,943</u></u>	<u><u>\$ 6,492,335</u></u>
LIABILITIES AND FUND BALANCE		
Liabilities		
Accounts payable	\$ 177,230	\$ 319,958
Accrued liabilities	197,416	181,203
Unearned revenue	<u>22,745</u>	<u>25,425</u>
Total Liabilities	<u>397,391</u>	<u>526,586</u>
Fund balance		
Nonspendable	531,951	558,715
Restricted	188,967	188,684
Assigned	441,723	330,499
Unassigned	<u>4,702,911</u>	<u>4,887,851</u>
Total Fund Balance	<u>5,865,552</u>	<u>5,965,749</u>
Total Liabilities and Fund Balance	<u><u>\$ 6,262,943</u></u>	<u><u>\$ 6,492,335</u></u>

See independent auditors' report.

Town of Kent, New York

General Fund
Comparative Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget and Actual
Years Ended December 31,

	2017			Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
REVENUES				
Real property taxes	\$ 7,882,261	\$ 7,882,261	\$ 7,866,618	\$ (15,643)
Other tax items	40,000	40,000	51,031	11,031
Non-property taxes	270,500	270,500	292,549	22,049
Departmental income	725,260	726,126	616,872	(109,254)
Use of money and property	85,791	85,791	91,502	5,711
Licenses and permits	3,500	3,500	4,263	763
Fines and forfeitures	550,000	581,340	581,349	9
Sale of property and compensation for loss	-	5,891	28,843	22,952
State aid	331,500	331,500	410,813	79,313
Federal aid	-	5,000	6,393	1,393
Miscellaneous	68,000	68,000	1,719	(66,281)
Total Revenues	9,956,812	9,999,909	9,951,952	(47,957)
EXPENDITURES				
Current				
General government support	3,213,349	3,275,249	3,186,010	89,239
Public safety	4,053,323	4,077,166	4,014,958	62,208
Health	6,404	6,404	5,353	1,051
Transportation	227,045	247,463	247,241	222
Economic opportunity and development	27,500	27,500	26,511	989
Culture and recreation	1,206,612	1,218,471	1,166,514	51,957
Home and community services	167,863	301,284	288,112	13,172
Employee benefits				
Undistributed	716,553	700,137	639,287	60,850
Debt service				
Principal	295,000	295,000	295,000	-
Interest	43,163	43,163	43,163	-
Total Expenditures	9,956,812	10,191,837	9,912,149	279,688
Excess (Deficiency) of Revenues Over Expenditures	-	(191,928)	39,803	231,731
OTHER FINANCING USES				
Transfers out	(140,000)	(140,000)	(140,000)	-
Net Change in Fund Balance	(140,000)	(331,928)	(100,197)	231,731
FUND BALANCE				
Beginning of Year	140,000	331,928	5,965,749	5,633,821
End of Year	\$ -	\$ -	\$ 5,865,552	\$ 5,865,552

See independent auditors' report.

2016			
Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
\$ 7,882,261	\$ 7,882,261	\$ 7,879,916	\$ (2,345)
40,000	40,000	48,538	8,538
270,500	270,500	290,061	19,561
719,160	719,160	636,378	(82,782)
85,790	85,790	90,905	5,115
3,500	3,500	3,173	(327)
550,000	611,845	628,571	16,726
-	-	28,576	28,576
332,900	332,900	343,208	10,308
-	10,000	11,173	1,173
68,000	68,000	73,788	5,788
9,952,111	10,023,956	10,034,287	10,331
3,331,358	3,382,178	3,070,900	311,278
3,890,701	3,905,795	3,775,211	130,584
6,461	6,461	5,983	478
226,922	227,394	216,023	11,371
27,500	27,500	26,150	1,350
1,287,120	1,287,120	1,206,069	81,051
186,593	191,358	167,636	23,722
741,793	742,487	714,556	27,931
275,000	275,000	275,000	-
48,663	48,663	48,663	-
10,022,111	10,093,956	9,506,191	587,765
(70,000)	(70,000)	528,096	598,096
-	-	-	-
(70,000)	(70,000)	528,096	598,096
70,000	70,000	5,437,653	5,367,653
\$ -	\$ -	\$ 5,965,749	\$ 5,965,749

Town of Kent, New York

General Fund

Schedule of Revenues Compared to Budget

Year Ended December 31, 2017

(With Comparative Actuals for 2016)

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)	2016 Actual
REAL PROPERTY TAXES	<u>\$ 7,882,261</u>	<u>\$ 7,882,261</u>	<u>\$ 7,866,618</u>	<u>\$ (15,643)</u>	<u>\$ 7,879,916</u>
OTHER TAX ITEMS					
Interest and penalties on real property taxes	<u>40,000</u>	<u>40,000</u>	<u>51,031</u>	<u>11,031</u>	<u>48,538</u>
NON-PROPERTY TAXES					
Franchise fees	<u>270,500</u>	<u>270,500</u>	<u>292,549</u>	<u>22,049</u>	<u>290,061</u>
DEPARTMENTAL INCOME					
Town Clerk and other fees	8,200	8,200	7,780	(420)	9,084
Interdepartmental charges	402,500	402,500	236,146	(166,354)	266,651
Police and dog pound fees	4,300	4,300	4,050	(250)	3,030
Safety inspection fees	90,000	90,000	140,785	50,785	117,492
Vital statistics fees	4,500	4,500	3,340	(1,160)	2,982
Culture and recreation fees	114,510	115,376	129,637	14,261	123,998
Planning board and other fees	9,000	9,000	8,175	(825)	11,950
Recycling fees	90,000	90,000	83,931	(6,069)	88,456
Other service fees	<u>2,250</u>	<u>2,250</u>	<u>3,028</u>	<u>778</u>	<u>12,735</u>
	<u>725,260</u>	<u>726,126</u>	<u>616,872</u>	<u>(109,254)</u>	<u>636,378</u>
USE OF MONEY AND PROPERTY					
Earnings on investments	11,131	11,131	14,537	3,406	9,979
Rental of real property	<u>74,660</u>	<u>74,660</u>	<u>76,965</u>	<u>2,305</u>	<u>80,926</u>
	<u>85,791</u>	<u>85,791</u>	<u>91,502</u>	<u>5,711</u>	<u>90,905</u>

LICENSES AND PERMITS

Dog and other licenses	3,500	3,500	2,563	(937)	2,623
Permits	-	-	1,700	1,700	550
	<u>3,500</u>	<u>3,500</u>	<u>4,263</u>	<u>763</u>	<u>3,173</u>

FINES AND FORFEITURES

Fines and forfeited bail	<u>550,000</u>	<u>581,340</u>	<u>581,349</u>	<u>9</u>	<u>628,571</u>
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**SALE OF PROPERTY AND COMPENSATION
FOR LOSS**

Minor sales	-	-	-	-	615
Sales of equipment	-	-	6,880	6,880	9,501
Insurance recoveries	<u>-</u>	<u>5,891</u>	<u>21,963</u>	<u>16,072</u>	<u>18,460</u>
	<u>-</u>	<u>5,891</u>	<u>28,843</u>	<u>22,952</u>	<u>28,576</u>

STATE AID

Per capita	60,000	60,000	58,361	(1,639)	58,361
Mortgage tax	250,000	250,000	314,603	64,603	261,998
DARE program	20,000	20,000	20,000	-	20,000
Youth programs	1,500	1,500	2,849	1,349	2,849
Other	<u>-</u>	<u>-</u>	<u>15,000</u>	<u>15,000</u>	<u>-</u>
	<u>331,500</u>	<u>331,500</u>	<u>410,813</u>	<u>79,313</u>	<u>343,208</u>

FEDERAL AID

Department of Justice grant	-	5,000	6,393	1,393	10,000
Disaster assistance	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,173</u>
	<u>-</u>	<u>5,000</u>	<u>6,393</u>	<u>1,393</u>	<u>11,173</u>

MISCELLANEOUS

Refund of prior year's expenditures	-	-	1,575	1,575	-
Other	-	-	144	144	6,947
Medicare Part D reimbursements	<u>68,000</u>	<u>68,000</u>	<u>-</u>	<u>(68,000)</u>	<u>66,841</u>
	<u>68,000</u>	<u>68,000</u>	<u>1,719</u>	<u>(66,281)</u>	<u>73,788</u>

TOTAL REVENUES

<u>\$ 9,956,812</u>	<u>\$ 9,999,909</u>	<u>\$ 9,951,952</u>	<u>\$ (47,957)</u>	<u>\$ 10,034,287</u>
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See independent auditors' report.

Town of Kent, New York

General Fund

Schedule of Expenditures and Other Financing Uses Compared to Budget

Year Ended December 31, 2017

(With Comparative Actuals for 2016)

58

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)	2016 Actual
GENERAL GOVERNMENT SUPPORT					
Town Board	\$ 77,187	\$ 77,187	\$ 75,378	\$ 1,809	\$ 78,834
Town Justice	600,887	634,001	633,998	3	642,031
Supervisor	149,956	152,338	151,528	810	147,056
Finance	183,753	183,753	175,962	7,791	179,929
Audit	36,700	36,700	36,700	-	36,700
Tax collection	54,426	55,036	55,035	1	51,134
Budget Director	11,980	11,980	11,933	47	12,147
Assessor	150,480	150,480	132,642	17,838	92,762
Town Clerk	258,104	265,077	264,800	277	253,640
Town Attorney	155,000	151,857	151,856	1	134,091
Personnel	1,000	4,350	4,328	22	1,464
Records management	31,959	32,030	30,112	1,918	29,435
Buildings	266,346	333,406	324,270	9,136	271,355
Central garage	825,900	825,900	808,572	17,328	806,582
Central communications	3,500	3,500	3,500	-	3,500
Central printing and mailing	33,500	33,500	29,887	3,613	27,191
Central data processing	70,371	70,371	68,321	2,050	68,334
Unallocated insurance	215,000	215,000	208,341	6,659	209,368
Municipal association dues	1,500	1,500	1,500	-	1,500
Judgments and claims	10,000	10,000	-	10,000	9,263
Town code	8,000	8,000	3,922	4,078	1,787
Metropolitan commuter transportation mobility tax	14,000	14,000	13,425	575	12,797
Contingency	53,800	5,283	-	5,283	-
	<u>3,213,349</u>	<u>3,275,249</u>	<u>3,186,010</u>	<u>89,239</u>	<u>3,070,900</u>

PUBLIC SAFETY

Police	3,828,562	3,840,297	3,801,243	39,054	3,573,344
Traffic control	8,000	8,795	8,795	-	7,995
Fire prevention and control	24,749	24,749	13,363	11,386	16,320
Animal control	20,047	18,392	10,615	7,777	9,207
Safety inspection	171,965	179,753	175,762	3,991	166,625
Other	-	5,180	5,180	-	1,720
	<u>4,053,323</u>	<u>4,077,166</u>	<u>4,014,958</u>	<u>62,208</u>	<u>3,775,211</u>

HEALTH

Registrar of Vital Statistics	5,404	5,404	5,353	51	5,456
DARE program	1,000	1,000	-	1,000	527
	<u>6,404</u>	<u>6,404</u>	<u>5,353</u>	<u>1,051</u>	<u>5,983</u>

TRANSPORTATION

Highway Administration	141,545	140,414	140,193	221	140,669
Garage	72,500	92,486	92,486	-	61,882
Street lighting	13,000	14,563	14,562	1	13,472
	<u>227,045</u>	<u>247,463</u>	<u>247,241</u>	<u>222</u>	<u>216,023</u>

ECONOMIC OPPORTUNITY AND DEVELOPMENT

Veterans' services	1,000	1,000	307	693	465
Programs for the aging	24,000	24,000	23,704	296	23,185
Outreach program	2,500	2,500	2,500	-	2,500
	<u>27,500</u>	<u>27,500</u>	<u>26,511</u>	<u>989</u>	<u>26,150</u>

CULTURE AND RECREATION

Parks	351,807	362,346	336,474	25,872	386,131
Recreation administration	192,615	193,069	182,255	10,814	180,884
Recreation buildings operations	2,040	2,040	993	1,047	932
Youth programs	65,350	66,216	63,409	2,807	55,080
Library	557,150	557,150	552,001	5,149	551,093
Historian	1,000	1,000	474	526	504
Celebrations	17,000	17,000	13,766	3,234	14,222
Adult recreation	19,650	19,650	17,142	2,508	17,223
	<u>1,206,612</u>	<u>1,218,471</u>	<u>1,166,514</u>	<u>51,957</u>	<u>1,206,069</u>

(Continued)

Town of Kent, New York

General Fund

Schedule of Expenditures and Other Financing Uses Compared to Budget (Continued)

Year Ended December 31, 2017

(With Comparative Actuals for 2016)

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)	2016 Actual
HOME AND COMMUNITY SERVICES					
Zoning and appeals	\$ 12,000	\$ 15,852	\$ 15,851	\$ 1	\$ 15,371
Planning Board	27,673	29,909	29,908	1	28,685
Stormwater contractual	9,000	10,509	10,509	-	8,383
Lake consultant	-	9,000	9,000	-	-
Landfill	10,000	22,544	22,544	-	9,729
Recycling	72,450	176,730	166,877	9,853	79,132
Beautification	2,500	2,500	1,656	844	1,542
Code enforcement	29,240	29,240	26,767	2,473	19,794
Cemeteries	5,000	5,000	5,000	-	5,000
	<u>167,863</u>	<u>301,284</u>	<u>288,112</u>	<u>13,172</u>	<u>167,636</u>
EMPLOYEE BENEFITS - UNDISTRIBUTED					
Workers' compensation benefits	157,500	141,084	129,347	11,737	126,258
Unemployment benefits	5,000	5,000	1,834	3,166	6,017
Disability	2,200	2,200	2,123	77	2,138
Health insurance	550,353	550,353	505,983	44,370	578,901
Other	1,500	1,500	-	1,500	1,242
	<u>716,553</u>	<u>700,137</u>	<u>639,287</u>	<u>60,850</u>	<u>714,556</u>
DEBT SERVICE					
Serial bonds					
Principal	295,000	295,000	295,000	-	275,000
Interest	43,163	43,163	43,163	-	48,663
	<u>338,163</u>	<u>338,163</u>	<u>338,163</u>	<u>-</u>	<u>323,663</u>
TOTAL EXPENDITURES	9,956,812	10,191,837	9,912,149	279,688	9,506,191

OTHER FINANCING USES

Transfers out

Capital Projects Fund

<u>140,000</u>	<u>140,000</u>	<u>140,000</u>	<u>-</u>	<u>-</u>
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**TOTAL EXPENDITURES AND
OTHER FINANCING USES**

<u>\$ 10,096,812</u>	<u>\$ 10,331,837</u>	<u>\$ 10,052,149</u>	<u>\$ 279,688</u>	<u>\$ 9,506,191</u>
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Town of Kent, New York

Highway Fund
Comparative Balance Sheet
December 31,

	<u>2017</u>	<u>2016</u>
ASSETS		
Cash and equivalents	<u>\$ 568,419</u>	<u>\$ 728,151</u>
Receivables		
Accounts	868	-
Due from other funds	<u>87,060</u>	<u>81,452</u>
	<u>87,928</u>	<u>81,452</u>
Prepaid expenditures	<u>105,472</u>	<u>112,198</u>
Total Assets	<u><u>\$ 761,819</u></u>	<u><u>\$ 921,801</u></u>
LIABILITIES AND FUND BALANCE		
Liabilities		
Accounts payable	\$ 73,165	\$ 130,038
Accrued liabilities	86,980	80,797
Due to other funds	<u>471,661</u>	<u>10,017</u>
Total Liabilities	<u>631,806</u>	<u>220,852</u>
Fund balance		
Nonspendable	105,472	112,198
Assigned	<u>24,541</u>	<u>588,751</u>
Total Fund Balance	<u>130,013</u>	<u>700,949</u>
Total Liabilities and Fund Balance	<u><u>\$ 761,819</u></u>	<u><u>\$ 921,801</u></u>

See independent auditors' report.

Town of Kent, New York

Highway Fund
 Comparative Schedule of Revenues, Expenditures and Changes
 in Fund Balance - Budget and Actual
 Years Ended December 31,

	2017			Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
REVENUES				
Real property taxes	\$ 3,570,420	\$ 3,570,420	\$ 3,570,420	\$ -
Use of money and property	3,800	3,800	2,623	(1,177)
Sale of property and compensation for loss	2,000	27,863	27,864	1
Total Revenues	3,576,220	3,602,083	3,600,907	(1,176)
EXPENDITURES				
Current				
Transportation				
Repairs and maintenance	2,024,469	2,019,533	2,019,526	7
Snow removal	955,281	1,087,890	1,087,887	3
Brush and weeds	8,000	5,748	5,748	-
	2,987,750	3,113,171	3,113,161	10
Employee benefits	1,049,500	950,769	950,767	2
Debt service				
Principal	57,120	57,120	57,120	-
Interest	800	800	795	5
	57,920	57,920	57,915	5
Total Expenditures	4,095,170	4,121,860	4,121,843	17
Deficiency of Revenues Over Expenditures	(518,950)	(519,777)	(520,936)	(1,159)
OTHER FINANCING USES				
Transfers out	(50,000)	(50,000)	(50,000)	-
Net Change in Fund Balance	(568,950)	(569,777)	(570,936)	(1,159)
FUND BALANCE				
Beginning of Year	568,950	569,777	700,949	131,172
End of Year	\$ -	\$ -	\$ 130,013	\$ 130,013

2016

Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
\$ 3,570,420	\$ 3,570,420	\$ 3,570,420	\$ -
3,800	3,800	3,383	(417)
2,000	2,000	12,235	10,235
<u>3,576,220</u>	<u>3,576,220</u>	<u>3,586,038</u>	<u>9,818</u>
2,076,081	2,117,412	2,112,838	4,574
946,587	950,694	950,688	6
8,000	8,000	7,512	488
<u>3,030,668</u>	<u>3,076,106</u>	<u>3,071,038</u>	<u>5,068</u>
<u>1,042,132</u>	<u>996,694</u>	<u>925,707</u>	<u>70,987</u>
57,120	57,120	57,120	-
2,300	2,300	1,597	703
<u>59,420</u>	<u>59,420</u>	<u>58,717</u>	<u>703</u>
<u>4,132,220</u>	<u>4,132,220</u>	<u>4,055,462</u>	<u>76,758</u>
(556,000)	(556,000)	(469,424)	86,576
<u>(74,000)</u>	<u>(74,000)</u>	<u>(74,000)</u>	<u>-</u>
(630,000)	(630,000)	(543,424)	86,576
<u>630,000</u>	<u>630,000</u>	<u>1,244,373</u>	<u>614,373</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 700,949</u>	<u>\$ 700,949</u>

Town of Kent, New York

Special Districts Fund
Combining Balance Sheet - Sub Funds
Year Ended December 31, 2017
(With Comparative Actuals for 2016)

	Fire Protection Districts		Park Districts	
	Lake Carmel	Kent	Lake Carmel	Lake Tibet
ASSETS				
Cash and equivalents	\$ 35,429	\$ 29,853	\$ 1,517,800	\$ 155,352
Accounts receivable	-	-	-	-
Due from other funds	-	-	-	-
Prepaid expenditures	-	-	19,234	-
Total Assets	<u>\$ 35,429</u>	<u>\$ 29,853</u>	<u>\$ 1,537,034</u>	<u>\$ 155,352</u>
LIABILITIES AND FUND BALANCES (DEFICITS)				
Liabilities				
Accounts payable	\$ -	\$ -	\$ 8,361	\$ -
Accrued liabilities	-	-	8,328	-
Due to other funds	23,341	16,805	1,004,857	81,006
Total Liabilities	<u>23,341</u>	<u>16,805</u>	<u>1,021,546</u>	<u>81,006</u>
Fund balances (deficits)				
Nonspendable	-	-	19,234	-
Restricted	-	-	76,201	34,119
Assigned	12,088	13,048	420,053	40,227
Total Fund Balances (Deficits)	<u>12,088</u>	<u>13,048</u>	<u>515,488</u>	<u>74,346</u>
Total Liabilities and Fund Balances (Deficits)	<u>\$ 35,429</u>	<u>\$ 29,853</u>	<u>\$ 1,537,034</u>	<u>\$ 155,352</u>

See independent auditors' report.

Water Districts		Lake Carmel Sanitation District	Kent Sewer District	Totals	
Romanoff	Leeside			2017	2016
\$ 31,665	\$ 96,630	\$ 337,097	\$ 27,054	\$ 2,230,880	\$ 1,749,603
-	-	-	-	-	38,724
-	-	347,956	150	348,106	10,025
-	-	45,353	-	64,587	69,070
<u>\$ 31,665</u>	<u>\$ 96,630</u>	<u>\$ 730,406</u>	<u>\$ 27,204</u>	<u>\$ 2,643,573</u>	<u>\$ 1,867,422</u>
\$ 14,981	\$ 1,182	\$ 35,944	\$ 755	\$ 61,223	\$ 243,090
-	-	76,159	-	84,487	35,060
25,770	12,266	-	-	1,164,045	76,850
<u>40,751</u>	<u>13,448</u>	<u>112,103</u>	<u>755</u>	<u>1,309,755</u>	<u>355,000</u>
-	-	45,353	-	64,587	69,070
128	131	-	-	110,579	109,879
(9,214)	83,051	572,950	26,449	1,158,652	1,333,473
<u>(9,086)</u>	<u>83,182</u>	<u>618,303</u>	<u>26,449</u>	<u>1,333,818</u>	<u>1,512,422</u>
<u>\$ 31,665</u>	<u>\$ 96,630</u>	<u>\$ 730,406</u>	<u>\$ 27,204</u>	<u>\$ 2,643,573</u>	<u>\$ 1,867,422</u>

Town of Kent, New York

Special Districts Fund

Combining Schedule of Revenues, Expenditures and

Changes in Fund Balances - Sub Funds

Year Ended December 31, 2017

(With Comparative Totals for 2016)

	Fire Protection Districts		Park Districts	
	Lake Carmel	Kent	Lake Carmel	Lake Tibet
REVENUES				
Real property taxes	\$ 968,666	\$ 472,412	\$ 569,306	\$ 9,954
Departmental income	-	-	8,225	-
Use of money and property	13	20	1,176	145
Sale of property and compensation for loss	-	-	-	-
Miscellaneous	-	-	5,787	-
Total Revenues	<u>968,679</u>	<u>472,432</u>	<u>584,494</u>	<u>10,099</u>
EXPENDITURES				
Current				
Public safety	960,885	473,175	-	-
Culture and recreation	-	-	490,137	86,741
Home and community services	-	-	-	-
Employee benefits	-	-	162,154	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
Total Expenditures	<u>960,885</u>	<u>473,175</u>	<u>652,291</u>	<u>86,741</u>
Excess (Deficiency) of Revenues Over Expenditures	7,794	(743)	(67,797)	(76,642)
FUND BALANCES (DEFICITS)				
Beginning of Year	<u>4,294</u>	<u>13,791</u>	<u>583,285</u>	<u>150,988</u>
End of Year	<u>\$ 12,088</u>	<u>\$ 13,048</u>	<u>\$ 515,488</u>	<u>\$ 74,346</u>

See independent auditors' report.

Water Districts		Lake Carmel Sanitation District	Kent Sewer District	Totals	
Romanoff	Leeside			2017	2016
\$ 53,372	\$ 26,413	\$ 1,550,044	\$ 110,000	\$ 3,760,167	\$ 3,735,573
-	-	-	-	8,225	5,997
14	163	1,954	85	3,570	3,607
-	-	9,769	-	9,769	3,804
-	-	629	-	6,416	5,309
53,386	26,576	1,562,396	110,085	3,788,147	3,754,290
-	-	-	-	1,434,060	1,393,265
-	-	-	-	576,878	472,622
66,762	45,433	1,118,786	116,456	1,347,437	1,442,019
-	-	434,424	-	596,578	543,354
11,500	-	-	-	11,500	11,500
298	-	-	-	298	497
78,560	45,433	1,553,210	116,456	3,966,751	3,863,257
(25,174)	(18,857)	9,186	(6,371)	(178,604)	(108,967)
16,088	102,039	609,117	32,820	1,512,422	1,621,389
\$ (9,086)	\$ 83,182	\$ 618,303	\$ 26,449	\$ 1,333,818	\$ 1,512,422

Town of Kent, New York

Special Purpose Fund
Comparative Balance Sheet
December 31,

	<u>2017</u>	<u>2016</u>
ASSETS		
Cash and equivalents	<u>\$ 110,215</u>	<u>\$ 110,122</u>
FUND BALANCE		
Restricted	<u>\$ 110,215</u>	<u>\$ 110,122</u>

Town of Kent, New York

Special Purpose Fund

**Comparative Statement of Revenues, Expenditures and Changes
in Fund Balance
Years Ended December 31,**

	<u>2017</u>	<u>2016</u>
REVENUES		
Use of money and property	\$ 93	\$ 110
EXPENDITURES	<u>-</u>	<u>-</u>
Excess of Revenues Over Expenditures	93	110
FUND BALANCE		
Beginning of Year	<u>110,122</u>	<u>110,012</u>
End of Year	<u><u>\$ 110,215</u></u>	<u><u>\$ 110,122</u></u>

Town of Kent, New YorkCapital Projects Fund
Comparative Balance Sheet
December 31,

	<u>2017</u>	<u>2016</u>
ASSETS		
Cash and equivalents	\$ -	\$ 415
Receivables		
Accounts	39,791	3,005,913
State and Federal aid	-	250,000
Due from other funds	<u>147,828</u>	<u>10,017</u>
	<u>187,619</u>	<u>3,265,930</u>
Total Assets	<u>\$ 187,619</u>	<u>\$ 3,266,345</u>
LIABILITIES AND FUND BALANCE		
Liabilities		
Accounts payable	\$ 140,166	\$ 236,665
Due to other funds	-	2,962,726
Unearned revenues	<u>39,791</u>	<u>39,792</u>
Total Liabilities	179,957	3,239,183
Fund balance		
Restricted	<u>7,662</u>	<u>27,162</u>
Total Liabilities and Fund Balance	<u>\$ 187,619</u>	<u>\$ 3,266,345</u>

Town of Kent, New York

Capital Projects Fund

**Comparative Statement of Revenues, Expenditures and Changes
in Fund Balance
Years Ended December 31,**

	<u>2017</u>	<u>2016</u>
REVENUES		
State aid	\$ 292,954	\$ 539,156
Miscellaneous	<u>10,000</u>	<u>2,966,122</u>
Total Revenues	302,954	3,505,278
EXPENDITURES		
Capital outlay	<u>512,454</u>	<u>583,951</u>
Excess (Deficiency) of Revenues Over Expenditures	(209,500)	2,921,327
OTHER FINANCING SOURCES		
Transfers in	<u>190,000</u>	<u>74,000</u>
Net Change in Fund Balance	(19,500)	2,995,327
FUND BALANCE (DEFICIT)		
Beginning of Year	<u>27,162</u>	<u>(2,968,165)</u>
End of Year	<u>\$ 7,662</u>	<u>\$ 27,162</u>

Town of Kent, New York

Capital Projects Fund

Project-Length Schedule

Inception of Project Through December 31, 2017

<u>PROJECT</u>	<u>Project Budget</u>	<u>Expenditures and Transfers</u>	<u>Unexpended Balance</u>
Road Construction Route 52 Sewer	\$ 6,000,000	\$ 5,943,099	\$ 56,901
Gateway	100,000	13,793	86,207
Municipal Repairs Renovation	38,871	4,523	34,348
311 Salt Shed	230,000	218,194	11,806
311 HVAC	14,000	13,250	750
Separation Tank	30,000	-	30,000
311 Boilers	30,000	29,545	455
301 Boilers	16,500	16,500	-
301 Water Well Pump	7,980	7,980	-
301 Garage Roof	18,255	18,255	-
301 Garage Windows	3,065	3,065	-
301 Gable Siding Repairs	4,200	4,200	-
All-Inclusive Playground	170,000	171,848	(1,848)
Ryan's Field Retaining Wall	140,000	3,500	136,500
Road Resurfacing - CHIPS	324,722	284,083	40,639
	<u>\$ 7,127,593</u>	<u>\$ 6,731,835</u>	<u>\$ 395,758</u>
Totals			

Revenues and Other Financing Sources	Fund Balance (Deficit) at December 31, 2017
\$ 5,901,307	\$ (41,792)
13,793	-
38,871	34,348
227,443	9,249
14,000	750
30,000	30,000
30,000	455
16,500	-
7,980	-
18,255	-
3,065	-
4,200	-
10,000	(161,848)
140,000	136,500
284,083	-
<u>\$ 6,739,497</u>	<u>\$ 7,662</u>